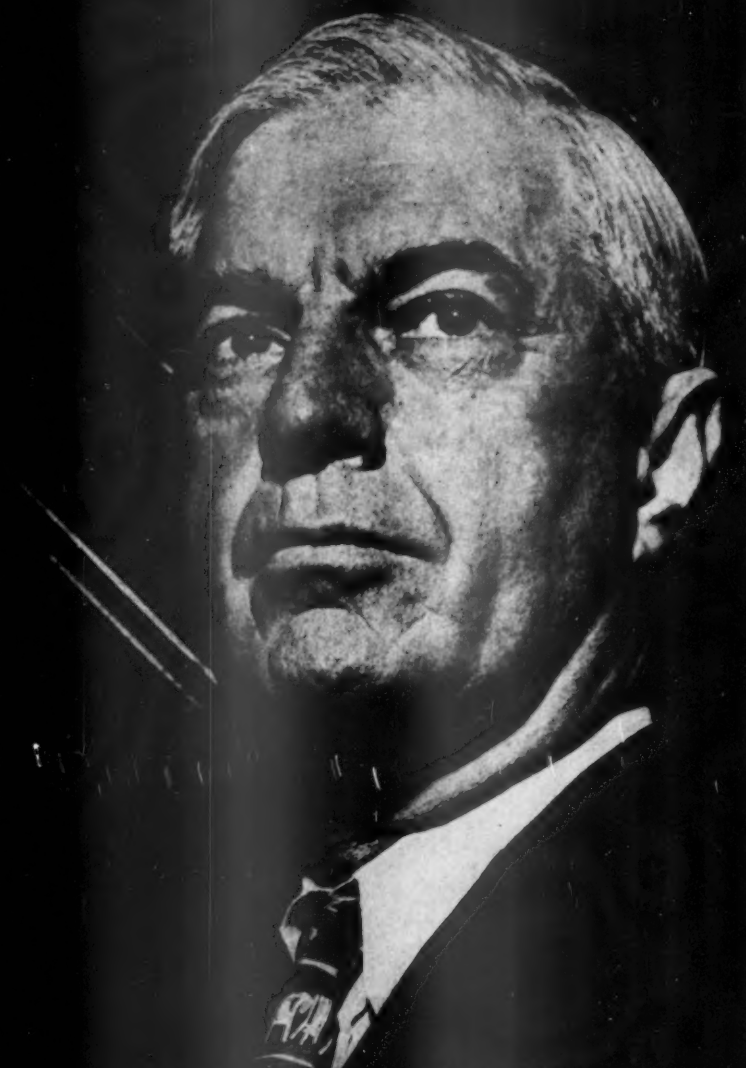
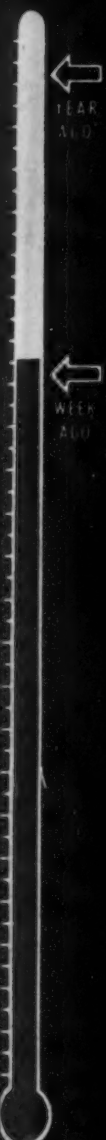


BUSINESS WEEK

MAR. 30, 1946



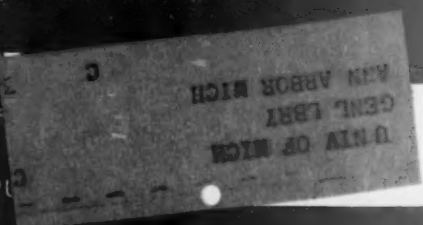
For the British loan for what it means to American business—Will Clayton, Assistant Secretary of State



THE LOAN TO BRITAIN

A Report To Executives - (part 1)

TWENTY CENTS • PUBLISHED BY THE MCGRAW-HILL PUBLISHING COMPANY



UNIVERSITY OF MICHIGAN LIBRARIES

Why doesn't General Motors

pay its workers in automobiles?

THAT'S all that wages really are—what a worker produces, less enough of his product to pay taxes and rent (or "wages") for the factory and machines he has to have.

Then let the General Motors workers trade their automobiles for rent, clothing, food—which in turn are produced by other workers.

Let's say a worker is paid one Chevrolet every six months. Today he can trade it for 30 suits of clothes or 1200 pounds of meat.

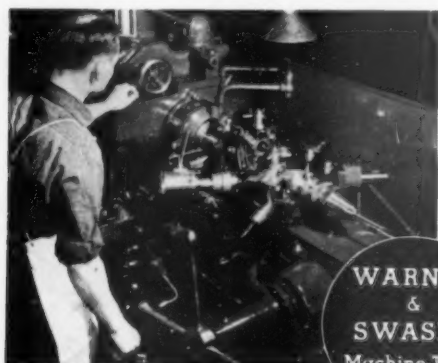
But the Chevrolet worker wants a raise

—he demands 40 suits of clothes or 1500 pounds of meat.

The clothing worker refuses to work longer (give more of his product) for a Chevrolet. So does the packing house worker. So the General Motors worker has a car he can't wear and can't eat—and since there's no use making cars he can't get rid of, he's out of a job.

But if he had *produced more Chevrolets* and so had *more to trade*, he could have gotten the more suits and the more meat.

And there is no other way to do it.



WARNER
&
SWASEY
Machine Tools
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES AND TAPPING MACHINES

A typ

POUR
neve
a thous
Ore
that in
mines;
convey
made s
mile h
of belts
breakd
Ther
new ki
cords

A development of
B.F. Goodrich
FIRST IN RUBBER



River of iron flows uphill on a rolling bed of rubber

A typical example of B. F. Goodrich improvement in rubber

POURING up that steep grade is a never-ending stream of iron ore — a thousand tons an hour.

Ore used to be shoveled into cars that inched their way out of deep mines; too expensive. Next they tried conveyor belts, but no belt could be made strong enough for long quarter-mile hauls like this one, and a series of belts was expensive, always causing breakdowns and delays.

Then B. F. Goodrich developed a new kind of belt made of individual cords surrounded by rubber. Because

it is lighter, it can be made in almost any thickness and strength without getting stiff and unwieldy. One B. F. Goodrich belt of this new type was made, long enough to replace three belts formerly used. Because its design makes it light and flexible, this B. F. Goodrich belt takes exactly the right shape for carrying maximum load — and has been pouring 1100 tons of iron ore up and out of the mine every hour ever since.

Owners say this B. F. Goodrich belt is saving them \$30,000 a year by elimination of transfer points, plus all

the time and cost formerly wasted in shutdowns and repairs, and is increasing the output of the mine. Rubber products like this, *better suited to the job*, are resulting constantly from B. F. Goodrich research. As you get ready for greater peacetime business ahead, it will pay you to find out what BFG has developed that can help you increase production and reduce costs. *The B. F. Goodrich Company, Industrial Products Division, Akron, Ohio.*

B. F. Goodrich
RUBBER and SYNTHETIC products



BATTERY TRUCKS give most trouble-free service

ALKALINE BATTERIES have the most durable construction

ALL KINDS of material handling operations are being performed by battery industrial trucks with a remarkable record of day-in-and-day-out dependability, freedom from trouble and overall efficiency. In factories, warehouses, railroad shops and docks . . . wherever materials must be moved . . . they are staying on the job with an amazing regularity that surpasses even the highest expectations of users.

An important reason for their high availability for service is their comparatively simple operating mechanism. The electric drives in a battery truck have the minimum of moving parts to require attention and replacements, and are free from wear-and-tear vibration. Thus a battery truck is rarely out of service for repairs. Exchange batteries keep the truck continuously supplied with power. So except for the few minutes to change batteries two or three times per 24-hour period, the truck need not stop working for servicing its power unit. It is also economical to operate. Not only does it use power most efficiently but the current used for battery charging is the lowest-cost power available. The truck starts instantly, accelerates rapidly yet consumes no power during stops.

Altogether, the battery truck is a most dependable and economical material handling unit . . . especially when powered by Edison Alkaline Batteries. With steel-cell construction, and a fool-proof electrochemical principle of operation, they are the longest-lived, most durable and most trouble-free of all industrial truck batteries. Edison Storage Battery Division of Thomas A. Edison, Incorporated, West Orange, N. J. In Canada: International Equipment Co. Ltd., Montreal and Toronto.

Edison

ALKALINE BATTERIES



BUSINESS WEEK

| | |
|---------------------------|----|
| Business Abroad | 11 |
| Canada | 11 |
| Figures of the Week | 11 |
| Finance | 11 |
| General News | 11 |
| The International Outlook | 11 |
| Labor | 11 |
| The Labor Angle | 11 |
| Marketing | 11 |
| The Markets | 11 |
| New Products | 11 |
| The Outlook | 11 |
| Production | 11 |
| Report to Executives | 11 |
| The Trend | 11 |
| Washington Bulletin | 11 |

EDITOR
Ralph Smith

MANAGING EDITOR
Louis Engel

ASSISTANT MANAGING EDITORS
John M. Johnston, Clark R. Pace

NEWS EDITORS
Wayne Jordan, Henry R. Lamar, Raymond A. Dodd (Illustration)

STAFF EDITORS
Foreign, John F. Chapman • Business Policy, John L. Cobbs • Production, Frank K. Lawler • Law, J. A. Gerardi • Finance, W. McKee Gillingham • Labor, Merlyn S. Pitzele • Industry, James M. Sutherland • Marketing, E. A. Grunwald • Washington, Irvin D. Foos

EDITORIAL ASSISTANTS
Cora Carter, Brownlee Haydon (Assistant Foreign Editor), John Hoffman, Richard M. Machol, Mary Richards (Assistant Marketing Editor), Arthur Richter, Margaret Timmerman, E. T. Townsend (Assistant Labor Editor), Doris L. White • Statistician, Bram Cavin • Librarian, Patricia Burke

ECONOMIC STAFF
Stacy May, Dexter M. Keezer, Sanford S. Parker, William F. Butler, John D. Wilson

EDITORIAL BUREAUS
Chicago, Arthur Van Vliissingen, Joseph C. Green, Mary B. Stephenson • Cleveland, Robert E. Cochran • Detroit, Stanley H. Brans • San Francisco, Richard Lamb • Washington, McGraw-Hill Bureau (Irvin D. Foos, Thomas A. Falco, Stuart Hamilton) • London, Stanley A. Tucker, Howard P. Whidden, Jr. • Staff Correspondents throughout the United States and abroad.

PUBLISHER
Paul Montgomery
ADVERTISING MANAGER
Nelson Bond

BUSINESS WEEK • MARCH 30 • NUMBER 865
(with which are combined The Analyst and The Magazine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman • Publication Office: 129 North Broadway, Albany 1, N. Y. Editorial and Executive Offices, 330 W. 42nd St., New York 18 • James H. McGraw, Jr., President; Curtis W. McGraw, Senior Vice-President and Treasurer; Howard Ehrlich, Vice-President and General Business Manager; Eugene Duffield, Editorial Assistant to the President; Joseph A. Gerardi, Secretary • Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Director of Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y. or 330 West 42nd St., New York 18. Allow ten days for change of address. Subscription rates—United States, Mexico and Central and South American countries \$5.00 a year, Canada \$6.00 for a year • Entered as second class matter December 4, 1936 at the Post Office at Albany, N. Y., under the Act of March 3, 1879. Return postage guaranteed • Printed in U.S.A. Copyright 1946 by McGraw-Hill Publishing Company, Inc. — All Rights Reserved.

BUSINESS WEEK • Mar. 30, 1946

EMBATTLED EXPEDITER

Housing Expediter Wilson Wyatt is getting a rough going over this week from the Senate Banking & Currency Committee, but there's still a chance that the veterans' housing bill which the committee reports out next week will incorporate Wyatt's pet features—subsidies for building material producers who increase production, and price controls on existing houses. Both of these features were killed by the House.

The Senate will probably go along with committee recommendations. So if the committee accepts the Wyatt program, the matter will have to be thrashed out between the two chambers. It's just possible that subsidies may survive the battle, but price control will be included in the Senate measure, if at all, merely as a bargaining point with the House.

Work Under Way May Continue

The construction stop order issued this week follows expected lines (BW-Mar.16'46,p5). Work already under way (some materials in place) may continue.

Transportation and utility construction other than buildings—roads, pipelines, railways—may be carried on.

Work on houses up to \$400; on apartments, commercial structures, and public buildings up to \$1,000; and on industrial and utility structures up to \$15,000 is exempt from the order.

Maintenance and repair work on industrial, transportation, and utility structures may be carried on.

Construction of forbidden types may get approval if adjudged essential and nondeferrable by regional Civilian Production Administration officials, advised by local volunteer advisory committees.

AS URGENT AS HOUSING?

Many economists have their fingers crossed on the new construction stop order. They admit the urgency of housing, but they have a case in favor of other kinds of building, too.

They question whether we shall stall ourselves short of full employment if borderline industrial construction is put off too long. They fret over the production machinery that won't be bought if we don't build the plants to put the equipment in.

On social grounds, too, they worry over the theaters and the office buildings and bowling alleys that the limita-

tion on commercial buildings will ban; they point out that such construction fell far behind population and community growth during the war.

UTILITY FIGHT PICKS UP

House Speaker Sam Rayburn's recent warning to electric utilities that if they want a fight they'll get it (BW-Mar.16'46,p15) has started a ball rolling on Capitol Hill. Apparently it hasn't got very far yet, but it is headed toward legislation to help the spread of municipal ownership by buying out the private utilities. Quiet support is reported to be coming from Wall Street interests which specialize in municipal issues and prefer securities based on defined revenues rather than on the general credit of a community.

One approach contemplates legislation that would permit federal courts to entertain condemnation suits initiated by local governments to acquire local utility properties at "fair value." This might be sweetened by granting federal funds to municipalities to use for this purpose.

Municipal freedom of action in this respect is widely restricted by state constitutions and laws, but with a federal law fostering municipal ownership on the books, the municipalities could use it as a lever to get state action.

POLITE WARNING TO FTC

The Federal Trade Commission was warned by the Supreme Court this week to mind its P's and Q's. Disregarding precedents interpreted by circuit courts of appeal to keep hands off of commission cease-and-desist orders, the highest court held that the courts have power to modify such orders where the commission abuses its discretion in the choice of a remedy for a deceptive trade practice.

Specifically, the court ruled that FTC has no right to order destruction of a valuable trademark if qualifying language would eliminate possible deception. With reference to "Alpacuna," a trademark for an alpaca-wool-and-cotton fabric which contains no vicuna fur, the court chided the commission for failing to consider whether qualifying language in labeling and advertising would not furnish an adequate remedy.

The court's action may halt the progress in Congress of legislation that would have the effect of reviving the power of appeals courts in reviewing FTC orders.

TIE-IN SALES ILLEGAL

The OPA is right. The Supreme Court's opinion this week in the Kraus poultry case did not legalize "tie-in sales." But because many people think it did, OPA expects to have to cope with an epidemic of sales in which a quarter pound of butter can be had with 5 gal. of gasoline, a bottle of whisky with a bottle of wine, etc.

The court held simply that a criminal penalty could not be imposed in the poultry case because the particular OPA regulation in question did not clearly and unmistakably prohibit tie-in agreements.

Most important OPA orders now specifically ban tie-ins.

WORLD POWER MONOPOLY?

Establishment of an International Atomic Development Authority in the form proposed this week by the State Dept. report could have immense economic as well as political significance.

This official U. S. plan is based on the surprising revelation that the atomic bomb material, plutonium, can now be turned out in a "diluted" form suitable for power purposes but not for bomb use. Under the plan, IADA would be given a monopoly on the conversion of uranium into this product, which it would pass out to national or private agencies for peaceful applications.

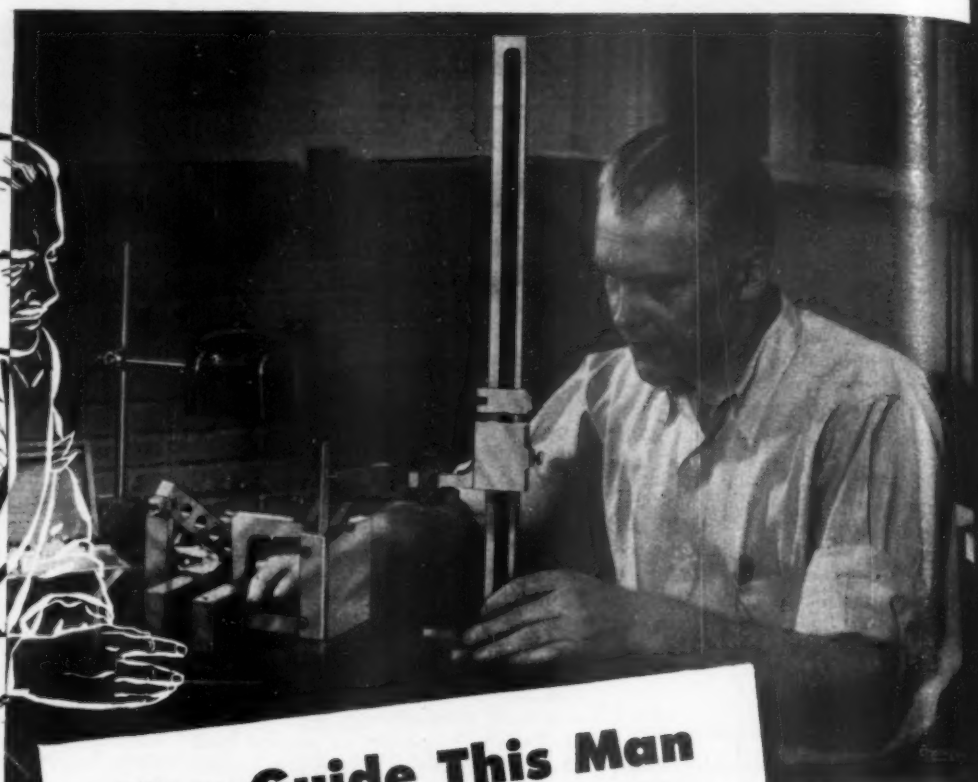
But since about half of the available power of the uranium is released at the stage of conversion into plutonium, IADA could still get into the power business on a tremendous scale, might become the world's single largest power producer.

Similarly the proposed world authority would necessarily have a near monopoly on the production of radium, vanadium, and commercial uranium, which are byproducts of the mining of uranium, also set up as an IADA job.

This program, which Bernard Baruch will present to the UNO Atomic Energy Commission, is designed to cut across the dilemma of all policing schemes—that production of plutonium for power is indistinguishable from production for bombs.

"Denatured" Plutonium

Scientists suggest that the possibility of "denaturing" plutonium hangs on the distinction between a fast and a slow chain reaction. (Whether U-235, the second known atomic bomb mate-



You Guide This Man You've Never Seen!

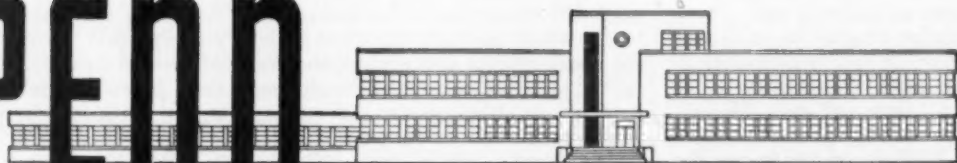
Every time you buy a PENN Control, you are getting a product you helped to make . . . because *you are always in our plant*. It is your needs and desires that guide our workers through every step of design and manufacture. The result is *the best controls that can be built* . . . controls to which you can safely entrust the reputation of your product.

PENN Controls are efficient and dependable because they are watched over constantly by many experts in quality control and inspection . . . men who are paid to be supercritical . . . to see that all PENN Controls measure up to rigidly high standards. For instance, here, a tool inspection engi-

neer works with the finest commercial measuring or gauging devices obtainable. He inspects carefully a new part used in PENN Controls to determine not only the accuracy of the piece but also of the die from which it was made.

It is this constant adherence to customers' needs and wishes that have won PENN Controls such an enviable reputation wherever they have been used . . . in heating, refrigeration, air conditioning, engines, pumps or air compressors. *Yet the extra value a PENN Control assures costs no more.* For further information, write Penn Electric Switch Co., Gosben, Indiana.

PENN



AUTOMATIC CONTROLS

FOR HEATING, REFRIGERATION, AIR CONDITIONING, ENGINES, PUMPS AND AIR COMPRESSORS

can be similarly "denatured" has been disclosed.) Every time a plutonium (or U-235) atom is split, it shoots off neutrons. In a small chunk of plutonium, most of these neutrons are lost into the air, and nothing happens. In a large chunk, fewer neutrons escape; instead, they split new atoms, which produce more neutrons to split more atoms, and in a tiny fraction of a second the whole chunk discharges its energy—explodes. This is a chain reaction.

But if the plutonium atoms can be mixed in the right proportion with some inert material not readily separable from the "bomb-type" plutonium, only enough neutrons will hit the plutonium to keep the reaction going at a reasonable level—each split causing another split. This is a slow chain reaction—the kind that permits controlled use of heat to be used for power purposes.

"denatured" plutonium would have to be one that had been tightly combined with such an inert substance, preventing a fast reaction. It might be possible, of course, to separate the "bomb-type" plutonium again, but it would take a big, conspicuous effort to do it. Anyone who wants to start an atomic war needs thousands of bombs, not just one or two.

BOOST FOR RATE-MAKING

Railroads' hopes of getting out from under the antitrust laws are running high. The Bulwinkle bill to exempt rail rate-making, already passed by the House, has enough votes in the Senate to sterilize the opposition of Chairman Burton K. Wheeler of the Interstate Commerce Committee. A veto by President Truman is possible but not probable.

Wheeler may succeed in obtaining amendments laying down a congressional mandate on rate-making for the railroads and the Interstate Commerce Commission to follow in future.

WAGES OF CONSCIENCE

Impounded in the Treasury Dept. is \$1,128,756 from wages earned by conscientious objectors. For advice on how

Coming Soon: Story Behind the Atom Bomb

The Manhattan District has decided to turn loose information on the scientific basis of the atom bomb. Within a month you'll see a flood—or perhaps just a trickle, for it's too early yet to tell—of material along the following lines:

(1) Basic data on nuclear physics, biology, chemistry.

(2) Technical data on novel industrial equipment developed incident to the bomb project, much of which will be applicable to a variety of industries.

(3) Blurbs on the amazing contribution to the bomb made by this or that company.

• **Censorship Plan**—Here's how the new information policy works:

Manhattan District will not put out information itself. But it has started to notify companies and scientists who worked on the project of the general outlines of what they can now talk about. They can prepare articles and submit them for censorship to a new declassification unit at Oak Ridge, Tenn. Presumably any firm or person having information that is believed to be releasable is now free to submit it for clearance.

Approved articles or advertisements may then be published. Only time can tell how liberal the Oak Ridge censors will be.

The new information policy puts into effect recommendations of the Tolman report (BW—Feb. 16 '46, p7), which has been gathering dust since last fall on the desk of Maj. Gen. Leslie R. Groves, head of the Manhattan District. Coming at a time (BW—Mar. 16 '46, p5) when it looks as if the Army were about to get most of what it wants in the way of congressional legislation on the atom, the liberalized policy may well clinch the matter by undercutting

criticism of stubborn military secrecy.

• **Boost for Research**—In another shift of policy, Manhattan District is about to make available for research use the radioactive isotopes of common elements which are produced as a byproduct of bomb manufacture. These are immensely important as research tools in medicine, biology, chemistry, but so far they have been deliberately wasted.

Manhattan District, itself, is moving into new fields. Since V-J Day it has simply continued to make bombs; this has been a strong point of attack on the Groves regime. Now a technical committee has been formed to recommend new lines of work, such as the salvage and distribution of the radioactive isotopes. Later it will recommend additional projects, possibly an investigation of power production.

• **Government Monopoly**—Sen. McMahon's special committee on atomic power will probably report next week a bill setting up a civilian commission to control atomic power—subject to what amounts to a veto from a military committee. It will probably also contain strict censorship provisions as recommended by the military. From the original McMahon bill, it will retain the government monopoly in the production of fissionable materials (uranium 235 and plutonium), whereas the Army-sponsored May-Johnson bill would have permitted private exploitation of uranium under license.

The voting power in the Senate is undoubtedly behind these changes in the McMahon bill. But the anti-Army crowd is hoping that the debate may lead to some compromise restricting the powers of the military committee. By giving a little now, the Army strengthens its supporters in the debate.

NEW LURE FOR WHEAT

Next year's prices for last year's wheat and corn will be Secretary of Agriculture Clinton P. Anderson's next inducement to farmers to sell their surplus grain to the government.

Farmers who deliver before July 1 will take payment at subsequent market prices at any time through next March. Object of the offer is to pry wheat off farms for export, corn for domestic distribution in feed shortage areas.

Distillers face a drastic cut in grain shipments, possibly a complete shutoff.

ONLY LEWIS KNOWS

The only question now about a soft coal strike is—how long will it last? Sen. L. Lewis has decided this is the time to set the principle of an industry-financed "health and welfare fund," but no one knows how long he'll stay out to fight it.

Consumers have an average 30-day supply on hand, but even a short strike would cause slowing down of consumption because of uncertainty about duration.



IN THE HOME

ON THE FARM

IN INDUSTRY

IN COMMERCIAL BUILDINGS

IN THE AIR

ON THE SEA



SQUARE D
Electrical Distribution and
Control Equipment

SQUARE D COMPANY
Field Engineering Service through Offices
in 50 Principal U. S. and Canadian Cities

to get hold of it, the National Service Board for Religious Objectors has gone to a top Washington law firm—Covington, Burling, Rublee, Acheson & Shorb, which has been prominently identified with litigation involving draft exemption of conscientious objectors.

Men in C. O. camps earned about \$75 a month, of which \$15 went for board and lodging. The law and regulations on disposition of the balance are hazy, stating merely that it shall be held in suspended account until the termination of the war. The question is whether to sue for the money, which is against the principles of some of the sects, or press legislation in Congress to release the funds.

It's doubtful that the money ever will be paid to the men who earned it; if their churches get it, most of it probably will be spent for relief work.

CAPITAL GAINS (AND LOSSES)

The A.F.L. refuses to recommend a man for assistant secretary of labor because he might be looked upon as "second fiddle" to John Gibson, C.I.O. man, who is first assistant secretary.

Federal Trade Commission has abandoned its pose of judicial anonymity. Its orders now state which members participated in the decision.

Aiming for legislation that would give it control over all sales of natural gas from interstate pipelines, the Federal Power Commission's current investigation will wind up with hearings in Washington June 17.

Secretary Anderson has decided not to resign. He'd figured on getting out July 1 to run for governor of New Mexico but President Truman persuaded him to change his mind.

With the government's lead reserve down to about 30,000 tons, CPA is getting ready to cut the second-quarter allotments to 222,000 tons from 250,000 in the first. Battery makers take the deepest cut.

—Business Week's
Washington Bureau

THE COVER

Hardest-driving official proponent of the British loan (Report to Executives, page 43) is Will Clayton, former cotton broker who now heads up the State Dept.'s economic division. Largely responsible for drawing up the measure, he is lending a strong hand to the congressional fight.

The Pictures—Cover—Leo Rosenthal-Pix; Acme—19, 24, 92, 104, 108; Int. News—17, 20, 21, 56; Press Assn.—34, 113; Los Angeles Times—26; British Combine—113.



Symbol of Service FOR STEEL USERS

THROUGH our nine conveniently located warehouses, we are endeavoring to meet your every need for steel. We can also provide practical assistance in solving the many present complex problems of steel supply and fabrication. That is why steel users recognize the U-S-S Label as the symbol of dependable service.

Whatever your steel requirements may be — Hot Rolled or Cold Finished Bars, Structural Shapes, Plates, Sheets, Alloy Steel, Stainless Steel, Tools, Machinery, etc.—you can depend on us for courteous attention and prompt action. Phone, write or wire our nearest warehouse.

United States Steel Supply Company

| | |
|---------------------|------------------------------|
| CHICAGO (90) | BRUNswick 2000 |
| BALTIMORE (3) | Gilmor 3100 |
| BOSTON (Allston 34) | STAdium 9400 |
| CLEVELAND (14) | HEnderson 5750 |
| MILWAUKEE (1) | Mitchell 7500 |
| NEWARK (1), N. J. | Bigelow 3-5920 |
| | REctor 2-6560, BErgen 3-1614 |
| PITTSBURGH (12) | CEdor 7780 |
| ST. LOUIS (3) | MAIn 5235 |
| TWIN CITY | NEstor 2821 |

UNITED STATES STEEL

THE OUTLOOK

BUSINESS WEEK

MARCH 30, 1946



The nation approached this week end with labor troubles in soft coal and copper overshadowing general improvement in business.

Difficulties in copper, which threatened to close the only major mines and smelters not yet struck, hinged on price. The companies maintained stoutly that they couldn't boost wages without a price markup.

This was in part true of coal also, although the operators were cold to John L. Lewis' demand for the 10¢-a-ton "welfare fund" as well.

•
Strikes dealt employment in hard-goods manufacturing a severe blow during February, the number of wage earners dropping nearly 500,000.

January employment in these lines had risen to 4,938,000, best level since last October, the Bureau of Labor Statistics estimates. But widespread disruption in metalworking snagged this rise.

Deepest decline, needless to say, was in iron and steel. This industry accounted for more than 80% of the total decline in hard goods.

Outside the metal field, lines like lumber and furniture showed gains in employment. Even these, though, were behind a year ago.

March figures, of course, will see metalworking up sharply again.

•
The construction industry faces a large shortage of workers if the housing goal is to be approached, but it added about 100,000 men from January to February and, at 1,222,000 employed, is double a year ago.

•
Soft-goods manufacturers have been increasing employment steadily since shortly after the end of the war. Their gain now stands at very nearly 200,000 workers with the total at 5,222,000.

Textile mills finally are pulling employment ahead of a year ago. Apparel and other finished textiles, however, are still behind despite recent gains of substantial proportions.

Leather, paper, and printing have recruited enough workers to draw well ahead of a year ago, but food and tobacco are only about even.

•
Value of soft-goods manufacturers' shipments rose contraseasonally from December to January, indicating the strength of demand.

Shipment of durables, on the other hand, declined for the second consecutive month, due in large part to work stoppages.

Value of manufacturers' durable goods shipments (on a daily basis, excluding Sundays and major holidays) declined by about 35% from August to January, which was altogether reasonable after the war's end.

However, employment declined less than 10% in these lines for that period. This gives some idea of the number of workers who were not employed in actual production during the reconversion period.

Barring a paralyzing coal strike, efforts of these changeover workers will be reflected in production and shipments from March on.

•
Accepted indicators of business activity continue to give a very creditable account of themselves.

Pulling up from the period of the most serious strikes, electric power output has narrowed its losses from a year ago for three straight weeks. The margin of decline is now less than 9%.

Steel production for the second consecutive week is ahead of its rate

THE OUTLOOK (Continued)

BUSINESS WEEK

MARCH 30, 1946

before the strike. However, with a fractional decline this week, it would appear that activity has topped off just below 90% of capacity. This is probably the best the industry can do, for the time being at least.

Auto production, more than 35,000 cars and trucks for two weeks, is the best of the reconversion period to date. And remember this: The total was reached without any production at all by General Motors.

Previous high for the auto industry was 30,000 back in November.

The high rate of consumer spending continues one of the dominant characteristics of the business picture. Not even widespread strikes have had the slightest effect on sales.

February, strike-ridden and the lowest month since the end of the war for industrial activity, hung up another sales record.

The Federal Reserve Board's index of department store sales (seasonally adjusted) last month stood at 255% of the 1935-39 average. January had been 228, and the 1945 record was 225 in November.

Now, with Easter still three weeks away, dollar value of department store sales (without seasonal adjustment) is far ahead of the very highest week in last year's much-remarked pre-Easter buying splurge.

Consumers are pressing to buy the things that were hardest to get during the war, but patterns will shift as more hard goods are turned out.

Such metal goods as have become available so far have been snapped up. But the bulk of the spending pressure has been on items such as gasoline, tires, men's clothing, leather shoes, and meats.

Pressure for the nondurables will continue to exceed supply in many lines for a long while. However, expenditure for hard goods from now on will take dollars that have been going for soft stuff—and for luxuries.

Higher basic hourly wage rates and expanding industrial production will add to the already ample purchasing power.

The Federal Reserve Board estimates that total private wage and salary payments in March will be well above the annual rate of \$75 billion last September and close to the \$82 billion of last July.

Consumer incomes, down in January and February from the November-December annual rate of \$158 billion, should be around \$160 billion for March. This would compare with \$154 billion last September.

The wartime peak rate was around \$164 billion a year ago.

Somewhat reduced income taxes are contributing to the high rate of consumer spending, but the main factor is less individual saving.

The peak savings came in the second quarter last year when the rate topped \$40 billion annually. Spending then was at an annual rate of \$100 billion; now it is nudging \$120 billion.

The rate of saving, as a matter of fact, declined sharply in the third and fourth quarters of 1945. Now it is down still more—probably amounting to not much over \$20 billion against \$26 billion late last year.

Considering the over-all situation, it is probably remarkable that redemptions of Series E Savings Bonds for January and February combined were only very slightly more than purchases of just over \$1 billion.

GU
E IN
DUCTION
mel ingot of
duction of
engineering
electric power
nde oil (da
minous c
DE
Miscellaneous
other cars
ney in ci
partment
business fail
CES (Aver
et common
Industrial rav
domestic far
ished steel
rap steel co
opper (elec
Heat (Kam
gar (raw, d
otton (mid
ool tops (r
bber (rub
ANCE
stocks, p
edium gra
igh grade
ail loans re
ime comm
WINKING (r
emand de
otal loans
ommercia
curities lo
S. gov't
ther secur
ccess reser
otal feder
iminary, t
BU
150
225
200
175
150
125
100
1

FIGURES OF THE WEEK

INDEX (see chart below).

PRODUCTION

| | % Latest Week | Preceding Week | Month Ago | Year Ago | 1941 Average |
|--|---------------|----------------|-----------|----------|--------------|
| Steel ingot operations (% of capacity)..... | 88.5 | 88.9 | 58.6 | 96.6 | 97.3 |
| Production of automobiles and trucks..... | 37,285 | 35,020 | 19,410 | 20,480 | 98,236 |
| Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).... | \$15,999 | \$15,041 | \$10,784 | \$5,980 | \$19,433 |
| Electric power output (million kilowatt-hours)..... | 4,017 | 3,988 | 3,923 | 4,402 | 3,130 |
| Crude oil (daily average, 1,000 bbls.)..... | 4,431 | 4,415 | 4,714 | 4,782 | 3,842 |
| Bituminous coal (daily average, 1,000 tons)..... | 2,197 | 2,177 | 2,011 | 1,985 | 1,685 |

TRADE

| | | | | | |
|---|----------|----------|----------|----------|---------|
| Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)..... | 80 | 79 | 68 | 86 | 86 |
| Other carloadings (daily average, 1,000 cars)..... | 53 | 52 | 50 | 50 | 52 |
| Money in circulation (Wednesday series, millions)..... | \$27,889 | \$27,946 | \$27,955 | \$25,836 | \$9,613 |
| Department store sales (change from same week of preceding year)..... | +13% | +14% | +19% | +24% | +17% |
| Business failures (Dun & Bradstreet, number)..... | 22 | 17 | 18 | 14 | 228 |

PRICES (Average for the week)

| | | | | | |
|---|---------|---------|---------|---------|---------|
| Not commodity index (Moody's, Dec. 31, 1931=100)..... | 271.9 | 271.2 | 269.7 | 255.2 | 198.1 |
| Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100).... | 172.1 | 172.0 | 170.4 | 166.4 | 138.5 |
| Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100).... | 238.6 | 238.1 | 235.1 | 226.7 | 146.6 |
| Finished steel composite (Steel, ton)..... | \$64.45 | \$64.45 | \$64.45 | \$57.55 | \$56.73 |
| Strip steel composite (Iron Age, ton)..... | \$19.17 | \$19.17 | \$19.17 | \$19.17 | \$19.48 |
| Copper (electrolytic, Connecticut Valley, lb.)..... | 12.000¢ | 12.000¢ | 12.000¢ | 12.000¢ | 12.022¢ |
| Wheat (Kansas City, bu.)..... | \$1.72 | \$1.72 | \$1.69 | \$1.67 | \$0.99 |
| Sugar (raw, delivered New York, lb.)..... | 4.20¢ | 4.20¢ | 4.20¢ | 3.75¢ | 3.38¢ |
| Cotton (middling, ten designated markets, lb.)..... | 26.86¢ | 26.53¢ | 26.27¢ | 21.73¢ | 13.94¢ |
| Wool tops (New York, lb.)..... | \$1.330 | \$1.330 | \$1.330 | \$1.340 | \$1.281 |
| Rubber (ribbed smoked sheets, New York, lb.)..... | 22.50¢ | 22.50¢ | 22.50¢ | 22.50¢ | 22.16¢ |

FINANCE

| | | | | | |
|--|-------|-------|-------|-------|----------|
| Stocks, price index (Standard & Poor's Corp.)..... | 142.0 | 138.2 | 136.2 | 107.9 | 78.0 |
| Medium grade corporate bond yield (30 Baa issues, Moody's)..... | 2.95% | 2.94% | 2.95% | 3.38% | 4.33% |
| High grade corporate bond yield (30 Aaa issues, Moody's)..... | 2.46% | 2.47% | 2.49% | 2.60% | 2.77% |
| Call loans renewal rate, N. Y. Stock Exchange (daily average)..... | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)..... | 3% | 3% | 3% | 3% | 3-3 1/2% |

BANKING (Millions of dollars)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Demand deposits adjusted, reporting member banks..... | 37,435 | 37,678 | 37,687 | 37,585 | 23,876 |
| Total loans and investments, reporting member banks..... | 66,298 | 67,749 | 68,182 | 58,071 | 28,191 |
| Commercial and agricultural loans, reporting member banks..... | 7,491 | 7,486 | 7,386 | 6,155 | 6,296 |
| Securities loans, reporting member banks..... | 4,932 | 4,781 | 4,852 | 2,754 | 940 |
| U. S. gov't and gov't guaranteed obligations held, reporting member banks..... | 47,458 | 49,088 | 49,586 | 43,774 | 14,085 |
| Other securities held, reporting member banks..... | 3,429 | 3,440 | 3,415 | 3,013 | 3,710 |
| Access reserves, all member banks (Wednesday series)..... | 880 | 1,120 | 1,060 | 1,067 | 5,290 |
| Total federal reserve credit outstanding (Wednesday series)..... | 23,483 | 23,423 | 23,787 | 20,173 | 2,265 |

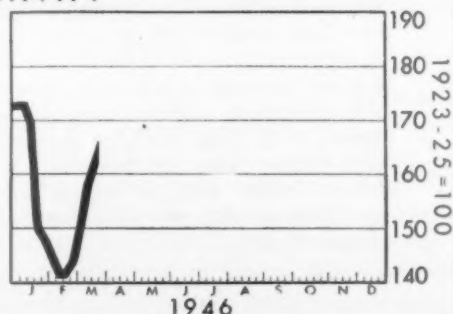
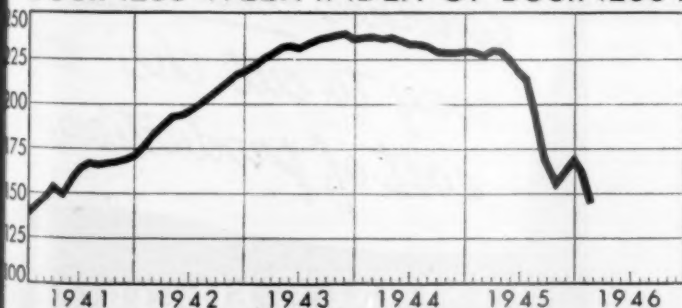
Primary, week ended March 23rd.

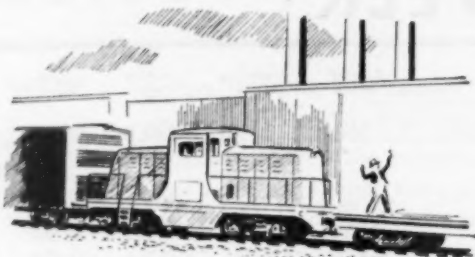
Revised

Ceiling fixed by government.

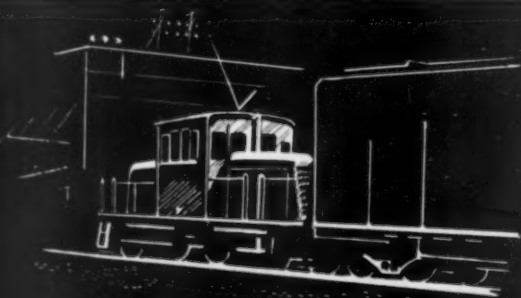
Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





FUEL COST \$3000 LESS—the first year after a G-E diesel-electric locomotive replaced *two* steam engines for steel-mill switching and haulage.

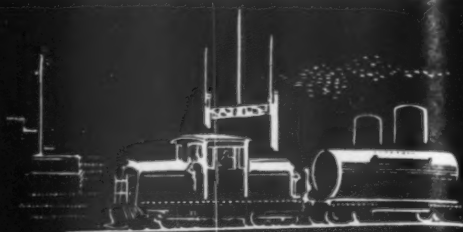


6 TIMES THE WORK for which it was bought! Thanks to its high availability (99 per cent average), this G-E 45-tonner at an aircraft plant took a 500 per-cent work increase in stride.

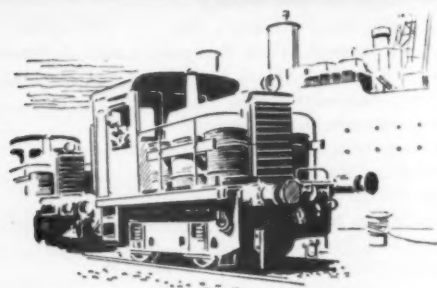
FOR 3-SHIFT SWITCHING, USE

G-E locomotives cut manufacturing costs by reducing fuel consumption and making most effective use of man power. They save production time by doing each haulage job faster than steamers, and, by their high availability, get more switching jobs done in each 24-hour day. Ready to go at the push of a button, able to go most anywhere without creating a fire hazard, G-E diesel-electrics may have a place in your long-term planning. A G-E survey (made without obligation) will tell. *General Electric Co., Schenectady 5, New York.*

Buy all the BONDS you can—and keep all you buy



ONLY 2 DAYS OFF SINCE APRIL '43—that's the availability record of this G-E 45-ton diesel-electric that brings tankers and cars to shipside.



SAVINGS IN FUEL AND TIME, as well as in track wear, make these G-E 25-tonners a favorite for war-front rail transport. A day's fuel supply weighs only 1/13 as much as it would for steamers.

G-E DIESEL-ELECTRICS

*Another electrical
way to cut the
cost of production*

GENERAL  ELECTRIC

1001-10-1000

Money-Credit Issue Boils

As Administration officials recognize the inflationary pressure of increased money supply, experts quarrel over the Federal Reserve Board's ability to regulate credit by traditional methods.

The current fight over price controls and wage policies has been shoving everything else into the background. At least one of them—the question of money and credit controls—is threatening to boil over into the public

At the moment, the debate over monetary control policy is taking the form of a three-way tug of war, with the Federal Reserve Board, the Treasury, and the commercial banks all pulling in different directions. Eventually, promises to drag in the whole Administration, and probably a large segment of the public as well.

Symptom to Cause—More and more, Administration strategists are coming to realize that the steam behind the inflationary pressures they are battling comes from the monetary situation—specifically, from the enormous expansion in the money supply (currency and bank deposits) that occurred during the war. Emphasis is shifting from control of symptoms—prices—to control of causes—money supply (BW—Mar. 16 '46, p. 20).

At the same time, investors are beginning to realize that the pattern of interest rates set in the government-controlled money market will in the long run determine how much life insurance their premiums will buy and how much return their savings deposits will earn—in other words, how fast or how slowly they can expect their savings to grow in coming years.

Guide Needed—All this provides the makings of a first class fight. It also underscores the need for developing comprehensive, well-considered policy to guide the government's dealings with the money market.

The first step toward development of such a policy probably will come from the Board of Governors of the Federal Reserve System, and it probably will come fairly soon.

Reserve Board Report—The Reserve Board now is working enthusiastically on a special report, for the House Banking & Currency Committee, which will set out the policies and controls that the board thinks necessary to handle the postwar monetary situation. Significantly, the report is not expected

to be cleared in advance with the Treasury or with the White House. This means that it will not be an official Administration program. It may very well draw as much fire from within the government as from without, but in any case it will provide a starting point for the debate.

Out of the debate should come sooner or later a set of decisions that will determine more than anything else what the future commercial banking system and money market will look like.

• **Legitimate Concern**—The Reserve Board's interest in the subject is natural. Under classic theory it has the responsibility of heading off inflation or

deflation by tightening or relaxing its controls on bank credit.

During the war, the traditional rules were suspended to clear the way for the Treasury's enormous borrowing program, which boosted the public debt from about \$49 billion in 1941 to \$275 billion today. For the past five years, the Reserve Board's only big problem has been to see that new credit was generated fast enough to keep the Treasury's siphon from sucking air.

• **Credit Control**—Now that the war is over, the Reserve Board is again thinking about taking up the slack in the reins. This is where the trouble begins. While there has not been serious doubt of the board's ability to keep the government security market from falling out of bed—still its first and biggest responsibility—experts are beginning to wonder how well the prewar methods of limiting or channeling credit expansion will work in the postwar market.

For one thing, the government now is committed heart and soul to a policy of maintaining low interest rates. This



TO PUT A HALTER ON THE MISSOURI

The long-awaited Missouri River project, alternately a dream program and nightmare of controversy, got under way when shovels bit the dirt in official ceremonies last week on the river bank of Kansas City's "west bottoms." The shovelers (left to right): Benjamin H. Greene of the Missouri Basin Inter-Agency Committee; Gov. M. Q. Sharpe of South Dakota; Maj. Gen. Lewis A. Pick, co-author of the \$1,500,000,000 Pick-Sloan plan for developing the Missouri River basin; Gov. Andrew Schoeppel of Kansas. The token work signaled the start of a \$760,000 flood wall to protect the city's industrial district—the preliminary step in the Pick-Sloan program for which the Bureau of Reclamation and Army Engineers have been granted initial appropriations.

UNIVERSITY OF MICHIGAN LIBRARIES

Growing Season Is Off to a Good Start

Last week—officially the first week of spring—the weather continued to beam on the United States with a warm, moist benevolence.

Along the Gulf Coast strawberries were being harvested. In the Rio Grande valley the thermometer had pushed up close to 100. Texans had begun planting corn and cotton. Oats were already heading in the South, and winter wheat was greening all the way to the Canadian border. In the whole region east of the Rocky Mountains, the season was two to three weeks ahead of normal.

• **The Difference**—Weather in the growing season always makes the difference between lean and fat years for America's farm equipment producers, for western railroads, for packers, for processors. This year the weather in the United States also means the difference between starvation and subsistence for millions of people around the world.

Farmers plan to make 1946 another bumper year. They intend, the Dept. of Agriculture announced last week, to plant 357,500,000 acres, 500,000 more than last year. The wheat crop, on which feeding of much of Europe and Asia will depend, looked very tentatively like 1,007,000,000 bushels against last year's record-breaking 1,123,143,000.

Almost 93,000,000 acres would be sown in corn, 46,444,000 acres in oats, 11,521,000 acres in barley, 14,787,000 acres in sorghums, and 58,791,000 acres in hay. Corn acreage was sharply down, but in general the plantings will be bountiful.

• **To a New High?**—Will the weather bring the crops through to harvest?

That is the question on which the prosperity of a whole region, the political temper of a congressional bloc, and the food of much of the world depend. Without a really bad growing season since 1937, and after four consecutive bumper years, the United States would run its streak of luck to a new high if 1946 turned out to be still another beneficent season.

As spring began, there were little trouble spots. Unseasonable warmth had brought out the pear, peach, and plum blossoms in Virginia, and apple buds were swelling even though a killing frost might still come any time before mid-April. Little floods broke out up and down the Mississippi. Around Lake Okeechobee and in northern Florida heavy rains damaged truck crops. In the Southwest, pastures badly needed rain.

• **For the Dust Bowl**—Most disturbing of all, the old dust bowl was showing signs of drying out again. All through the winter and down into spring, the great strip from the Texas panhandle north through western Kansas to the Dakotas had lacked moisture. "More rain is needed" in this incubator of droughts, the Weather Bureau says. Two weeks ago it got a little. A storm, booming in from the Pacific Northwest, slowed down over the western Great Plains, gave them up to an inch of moisture, and then rolled on into the Ohio Valley.

The weather, like the plantings, looked good. Thousands of farmers and businessmen, millions of hungry people everywhere hoped it would stay that way.

decision was made not only because the Treasury wants to hold down the cost of servicing its debt, but also because low interest rates are generally considered a stimulant to employment and production. The board agrees with this doctrine, but in agreeing it goes a long way toward tying its own hands, because all of its old methods of restricting credit expansion (and hence damping down inflation) depend on a rise in interest rates to make them effective.

• **Government Securities**—Another big difficulty is that the commercial banks now hold about \$85 billion in government securities. Theoretically, this big portfolio of governments makes it possible for banks to kick over the traces and set their own credit policies regardless of what the Reserve Board wants.

At this stage of the game, there is

nothing the monetary authorities can do about the deposits that have already been created and passed on into the hands of the public. What they are thinking about is the possibility of additional credit expansion.

• **Too Much Credit?**—One group of economists, headed by Chairman Marriner S. Eccles, is worried about the tendency of banks to buy up longer-term government bonds (which carry a higher interest rate) from the public, thus increasing the supply of deposit credit available to the public (BW—Feb. 9 '46, p19).

The same group also fears that as peacetime production picks up, banks will go in for freehanded extension of credit to private borrowers. They could get the reserve funds for this by selling off part of their governments. The

Reserve Banks, which still have to support the market, would have to like most of these offerings whether they liked it or not.

• **Or Too Little?**—Another group afraid that banks will be content to on their bulging portfolios of governments and refuse credit to private borrowers who need it to expand production and employment.

Either way you take it, the picture is not a pleasant one from the standpoint of monetary control. And either way the answer that occurs automatically to any official is to increase the government's authority over the money market, which means over the commercial banks.

• **For Greater Control**—So far, there have been two suggestions with an official flavor aimed at meeting the problem. One is the "freeze" proposal recently championed by Simon Leland, chairman of the Chicago Federal Reserve Bank. This would require banks to maintain a sort of secondary reserve (against deposits) in the form of a special low interest government security. The effect would be to freeze a stated percentage—both 50% and 65% have been mentioned—of a bank's assets in governments, leaving only a small margin for expansion.

The other proposal is simply to give the Reserve Board authority to double present reserve requirements. To get the extra reserves, the banks would have to sell governments, and to prevent a collapse in the market the banks would have to enlarge their own government security portfolios, but the final result would be to tie up a large part of bank assets and put this part on a no-interest basis.

• **Reserve Increase Favored**—One effect of either method would be to take a sizable bite out of bank earnings by cutting down their return from portfolios of governments.

The Reserve Board is wary of the freeze idea, fearing that the public might read into it a hint of weakening Treasury credit or a threat of similar action against private holders. The odds are that sooner or later the board will come out for a straight increase in reserve requirements or some variation of that theme. Any such proposal would face opposition from banks and insurance companies, which feel that all the maneuvering is an effort to cut Treasury interest costs at their expense.

• **Selective Controls**—Bucking up a serves would give the Reserve Board tighter grip on the market, but it would not solve the problem of restricting credit and maintaining a low interest rate at the same time. The only answer to that is selective credit controls—the power to set terms and conditions for specific types of loans. The board probably is not ready to go that far yet.

Beef Is a Racket

Lawful packers, penalized by government's failure to curb chiselers, are outbid for cattle and forced to lay off employees.

Lawful transactions in beef are now overshadowed by the black market volume. Statistical evidence of this is not hard to find, nor is it difficult to assign reasons for what looks like a more lucrative racket than prohibition booze was.

Two price control regulations hold the key to the situation:

(1) No meat processor may pay more than \$18 per cwt. live weight, Chicago basis, for any beef animal.

(2) The processor, to collect the federal subsidy, must report his monthly total purchase or drove cost, by grades of beef. In proportion as this cost falls above or below OPA compliance ranges, the processor forfeits all or part of his subsidy.

• **And So to the East**—The major national and regional packers are too conspicuous to cheat even if they wanted to. So the chiselers' buyers openly outbid them for cattle and then ship to the East, where small operators traditionally do most of the business.

Thomas E. Wilson last week told stockholders of Wilson & Co. that the illegal profit in black market cattle averages \$50 a head or 10¢ a lb. Another Chicago packer had heard that one carload of choice beef shipped to New York brought \$3,000 above ceiling, or \$75 extra per carcass.

• **Statistical Evidence**—In prewar years, perhaps 25% of all cattle sold at Corn

Belt stockyards were reshipped. In the week ended Mar. 15, 1941, Chicago received 32,138 head, reshipped 8,300. The week ended Mar. 16, 1946, saw 36,429 head received, 22,926 reshipped.

Swift & Co., largest packer, normally purchased from 22% of total receipts at Chicago to 60% at St. Joseph, Mo. Last week's figures tell the new story:

Week Ended Mar. 23, 1946

| Market | Head of Cattle | |
|-------------------|------------------------------|--------------------------|
| | Receipts (Govt. Estimate) | Swift & Co. Purchases |
| Chicago | 38,000 | 1,983 |
| E. St. Louis..... | 10,750 | 260 |
| Ft. Worth..... | 6,300 | 154 |
| Kansas City..... | 18,750 | 561 |
| Omaha | 39,100 | 4,276 |
| St. Joseph..... | 7,650 | 1,365 |
| St. Paul..... | 14,000 | 2,600 |

• **Employment Cut**—In consequence, big packers are reducing employment. At Milwaukee on Monday, Cudahy reduced hours, and Plankinton (Swift) cut its beef gang 20%. C.I.O. workers of Armour, Swift, and Wilson at Chicago asked OPA to curb illegal operators.

OPA's apparent inability to halt the scandal was underscored by an order last week withholding subsidy payments from slaughterers who pay overceiling prices for live cattle—a slap on the wrist, since the chiselers forfeit the subsidy anyway, for concealment's sake.

• **Why Not?**—Harried packers and their workers wonder why FBI or some other competent police agency does not check off-color deals through the elaborate records of the shippers, brokers, and buyers whose lawful operations precede the shenanigans. Matched against the phony books of the crooks, these records must disclose discrepancies that would lead to convictions.

Light on Surplus

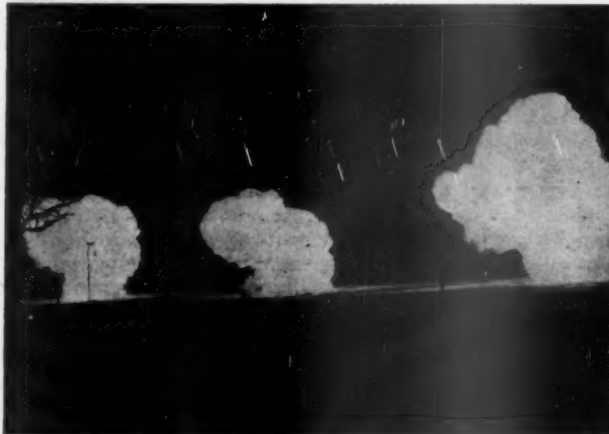
War Assets Corp. announces a policy of fixed prices, with preference to independent retailers, on consumer goods sales.

Clarifying at last the government's policy on sale of surplus consumer goods to trade buyers, the War Assets Corp. has made fixed wholesale and retail discounts its preferred method of pricing and the small independent retailer the preferred customer. Whether the latter will be benefited to any great extent depends on circumstances, but WAC has given him the breaks.

A revision of the old Surplus Property Administration's Special Order No. 24 requires that fixed-price sales shall be used in preference to all other methods when the property is a readily marketable commercial article available in sufficient quantities.

• **Other Methods**—The new policy on other sales methods is to use (1) sealed bids for nonstandard items of unknown marketability and for small or mixed lots; (2) spot sales (by bid, set price, or auction) when the property is not suitable for offering to wholesalers and retailers and when it is necessary to clear out a given location; (3) negotiated sales when the purchaser can perform necessary reconditioning services most economically, when the property may spoil or become a health hazard, or when it cannot be moved by other methods.

WAC's fixed prices are at three levels—wholesale, large retail, and small retail—"as close to the current market price as possible, recognizing that they



EXPLOSIVE HOUSECLEANING

In the U. S., as in Europe, explosions signal the finale to a war production story and a prologue to peacetime competition. Near De Soto, Kan. (left), 18,000 lb. of contaminated "smokeless" black powder go up in flames.

It's the first of more than 1,000,000 lb., now not worth reclaiming, to be fired at Sunflower Ordnance Works. And in Landsberg, Germany (right), condemned aircraft, onetime pride of U.S. industry, are blasted at the 85th Depot Repair Squadron, where dynamiting has proved the cheapest shortcut to the scrapheap.

must be attractive enough to move the property. . . . Normal trade differentials are to be observed, but the revised order repeats a former provision that large retailers should generally receive a discount not over 5% off the price to small retailers.

• **Original Maker Barred**—Specifically prohibited for the first time are sales to the original maker except when reconditioning services can best be performed by him. This may not entirely satisfy manufacturers who have been worried about price cutters getting hold of their branded, price-maintained products (BW—Jan. 22 '46, p. 87), but they are likely to be reassured by other features of the WAC program. For one thing, those who distribute direct to small retailers can buy surplus goods as wholesalers.

Also classed as wholesalers are commercial exporters and the purchasing missions of foreign governments, except that critical items probably will not be available to them. Industrial users can buy at wholesale level if they customarily do so from manufacturers and do not resell.

• **Trade Classifications**—Buying groups like voluntary chains are classed as retailers; so are wholesalers and manufacturers buying for company-owned or controlled retail outlets. But co-ops are to be classified according to their "functions" (which may mean the same thing).

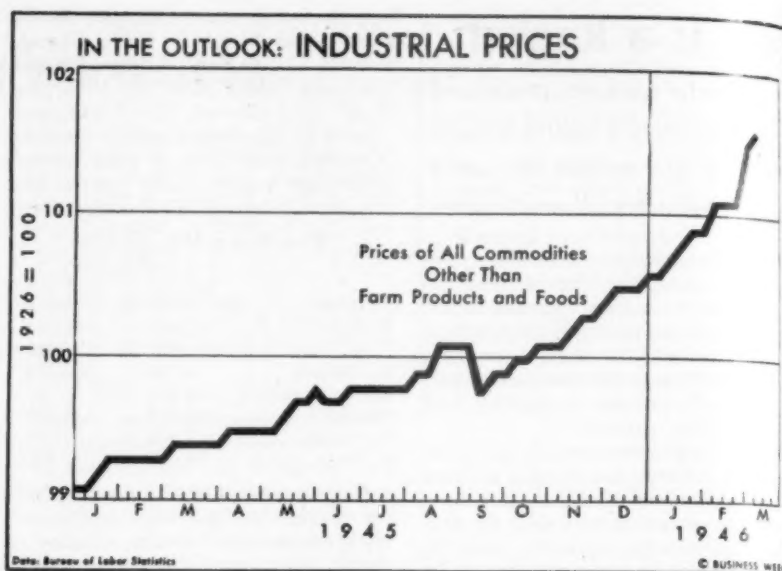
FPC Finds a Way

Lacking a legal mandate, commission is nonetheless able to erect a barrier to direct sale of gas by Panhandle to Ford.

Another legal maneuver by the Federal Power Commission has blocked, temporarily, Panhandle Eastern Pipe Line Co.'s proposed sale of natural gas to the Ford Motor Co. at Dearborn. The commission's object is to establish regulatory control, by devious means, over the direct sale of gas by an interstate pipeline for industrial use, a thing which it has no authority to do under the Natural Gas Act.

As usual in such circumstances, the case presents a lengthening history of plot and counterplot. At one stage Panhandle sought to gain a tactical advantage by filing an application with FPC for permission to construct gas metering and regulating facilities linking its line to a receiving line built by Ford.

• **Without Prejudice**—This raised the pointblank question of the commission's jurisdiction, an issue on which Panhandle could appeal to the courts if



Industrial prices have risen very little in recent months—so little, in fact, that the movement has to be exaggerated to show up at all. But the slow rise has accelerated in early 1946, and it will accelerate more rapidly as the Administration's new wage-price formula takes hold. Wage boosts already have resulted in some price concessions; the stabilizers will have to approve many more markups on industrial products to allow manufacturers any profit incentive. And, for all the Office of Price Administration's brave statements, some of the rise in industrial prices will carry over into the cost-of-living index.

FPC chose to assert its jurisdiction.

The commission wriggled off this spot last week by dismissing Panhandle's application without prejudice, which forecloses an appeal, and at the same time set up another obstacle to consummation of the Ford deal by issuing an opinion that the public interest would suffer because sale of gas to Ford would impair Panhandle's ability to serve present customers.

That was the gist of complaints which previously had been filed by the city of Detroit, the Michigan Consolidated Gas Co., Detroit distributor of gas bought from the Panhandle (BW—Dec. 29 '45, p. 30), the Michigan Public Service Commission, and several other distributing companies and state commissions, which contended that Panhandle had oversold its line capacity.

• **Alternatives**—The projection by the federal commission of this capacity theory as a means of gaining control over the disposition of all gas from an interstate pipeline leaves Panhandle with these alternatives:

(1) The company could defer the sale to Ford until it has enough capacity to override FPC's objection. Panhandle has filed application to boost system capacity by 90,000,000 cu. ft. of gas a day through construction of a new loop line.

(2) In view of FPC's order dismissing Panhandle's application to link its

line to Ford's, the company could proceed on its original assumption that authorization by the commission is not required.

But if Panhandle goes ahead with the Ford sale, without the commission's permission to link the lines, or without installing additional capacity, the company runs the risk of having FPC invalidate outstanding certificates covering service to present consumers.

UNION KICKBACK IS LEGAL

The federal antikickback law—which forbids use of force, intimidation, or threat of dismissal to induce workers on government contracts to surrender part of their wages—does not bar the requirement of union initiation fees for the right to work on government jobs under closed-shop contracts, according to a 5-3 decision of the U. S. Supreme Court this week.

Officers of an International Hod Carriers local union and of the Eastern Massachusetts Laborers District Council were charged with violation of the federal law because all nonunion laborers employed at a Fort Devens (Mass.) government project were required to pay \$5 weekly on an initiation fee first set at \$50, then lowered to \$40, later \$20.

Justice Frank Murphy, for the majority, held that a lawful closed-shop

agreement apparently was in effect, and that use of threats of dismissal for refusal to pay the assessments was "but an ordinary incident of the apparently closed-shop agreement." The federal court "was [not] intended to affect legitimate union activities," nor "to punish unlawful acts, including those committed by union officials in violation of union rules, that are not in the nature of kickbacks."

Flivverless Sky

Aviation's equivalent of the Model T Ford, a family plane in the \$1,000 class, is still far from becoming a reality.

Far from bright, after seven months of comparative peace and postwar commerce, are the prospects of "everyman's airplane."

Those who talked loudly about the thousand-dollar family plane version of the Model T roadster are silent today, possibly because no Henry Ford has showed himself in the aircraft manufacturing industry.

• **Still on Luxury Side**—The business is definitely pre-Ford as was the auto industry before mass production.

The potential manufacture of 30,000 personal aircraft this year, with the number possibly doubled during 1947's production, holds little promise that the plane you buy, or wish you could buy, for family week-end jaunts or business will be other than a luxury item.

Today's so-called "mass production" two-passenger small planes in effect are the same old prewar airplanes plus a few new frills and instruments, and costing more than they used to. Prices start at a shade under \$2,100.

Few really new personal planes have appeared, and their prices soar to \$5,000 and up for four-passenger types.

• **Some Disappointments**—Buyers are discovering that they must have airports; and there are relatively few airports; that there are few available hangars to protect their planes from weather; that airplane service and overhaul are erratic, time-taking, and costly; that unless they take costly training for instrument flight and equip their planes with costly blind flight instruments and radio they must remain sunrise-to-sundown and fair weather pilots. All these add up to low utilization of their planes, whether bought for business or pleasure.

In the light of these aggravations, it is small wonder that many of the few who do have the money to lay down for a 1946 plane are puzzled that it should cost so much.

Superficially a small airplane embodies neither the multitude of parts nor array

of curved metal surfaces found in even the lowest-price automobile. Many devotees of private flying think that it should cost less.

• **Costly Production**—In refutation, the airplane manufacturer cites the obvious high costs of small quantity production; also, that aircraft engines cost from \$700 up to several thousand dollars.

Add to that distributorship costs and sales commissions, and the picture of the high-cost personal airplane is complete.

What few manufacturers have envisioned, but what Alfred Marchev of Republic Aviation, builder of the Seabee amphibian (\$3,995 flyaway factory), has seen is that one way of licking production cost is to simplify the product. His company's designs are in the throes of radical reduction of structural parts.

• **Companies Are Wary**—Few "big" manufacturers, beyond Republic, have been willing even to wet their toes in the small plane market.

Ostensibly the personal aircraft field will remain, for many months, the domain of the smaller airframe builders—such as Cessna, Globe, Ercoupe, Taylorcraft, Piper, and similar companies.

It is true that North American Aviation, Inc., historically a builder of military planes, is plunging in with a four-passenger 185-hp. personal plane of still-unannounced price. But, in interesting contrast is the withdrawal from the field for the time being of Lockheed Aircraft Corp., long expected to be readying mass production of a small plane.

• **May Try Later**—Actually, Lockheed may be a personal plane contender in another two to three years. But company officials evidently could see no hope of even breaking even now.

Airport Funds

Congressional approval of federal aid seems likely. Cities will match grants in \$1 billion program stressing small ports.

Blockaded for months by a battle between the state and municipal lobbies, a federal aid program for construction of a billion dollars worth of airports over the next seven years is now in the clear and will probably get final approval by Congress within a few weeks.

Modeled on the long-standing program of federal aid to highways (now amounting to a half billion a year), the new plan provides that the federal government will put up half the cost of construction and a quarter of the cost of land for airports which fit into the national network envisaged by the Civil Aeronautics Administration.

• **Need for Smaller Parts**—The United States emerges from the war in pretty good shape on large airports. Early in the war, CAA worked out a deal by which it built, with military funds, airports needed by the services and which appeared to have postwar civil utility. More than 500 fields, costing \$400 million, were built on land provided by municipal and local bodies. Many of these are already reverting to local control, and all of them will within six months after the official end of the war have been announced.

The services always want the best of everything, and fly pretty hot ships, so these war-built airports are almost all



A HARD PLACE TO GET AWAY FROM

Homeward bound—they hope—winter vacationists in Miami, Fla., cram the station for tickets north as the season ends. These are among the "lucky" ones who fought for reservations to Florida last winter when only 2,000 out of 25,000 applications a day were being filled. Now, while return tourists are said to be shelling out freely for black-market reservations, day coaches are reported leaving Miami with empty seats—just because they're unreserved.



ONCE THEY WERE JUST STOCKINGS

In this present period of scarcity, nylon stockings are fabulous items used to lure everything from publicity to voters' affection. That the mere mention of the word draws crowds is demonstrated (above) at Cleveland where 1,000 gathered when Albert E. Payne, candidate for the Republican nomination for governor of Ohio, kept his promise to distribute 150 pairs. City fathers put thumbs down on his plan to toss them from a plane. In New York, an actor went skyward to drop tickets redeemable for nylons at the stage door. He was arrested, paid his fine, but gleaned a bountiful publicity harvest.

big, with long runways. They come close to meeting the need in this class. In fact there are only about a hundred more big fields that CAA is anxious to have built. What CAA is really interested in now is a lot—nearly 3,000—of Class 1 and 2 fields with 3,500-ft. and smaller runways for feeder airline and private use.

• **Delay on Construction**—The billion-dollar program in the new legislation will meet most of this need over the next seven years. Federal aid to airports will not amount to much during the coming fiscal year, which will be taken up with rebuilding the CAA central and field staffs, arranging municipal bond issues, putting through permissive legislation in some cases, and doing preliminary engineering. But it's hoped that a considerable number of contractors will get to work in the spring of 1947. Thereafter, construction is expected to rise to a statutory peak of \$200 million a year.

A total of \$500 million of federal money is provided over the next seven years, to be matched 50-50 by the cities. Three-fourths of it must go into the states in proportion to their area and population; the rest can be allocated according to need. All projects financed must conform to the CAA over-all plan.

Nylons in Flight

Manufacturers rush big shipments to Mexico as quota system is threatened. Exports bring much higher prices.

Nylon stockings this week were flying in startling quantities to the Mexican border and to other points of export as wholesalers rushed to get them out of the U. S. before the Commerce Dept.'s Office of International Trade slapped on restrictive licensing. The rush was on when the Civilian Production Administration publicly asked OIT to require licenses.

• **Strictly Legal**—Philadelphia reported last week that 648,000 pairs of nylons had been flown south, mainly to Texas where they legally crossed the Rio Grande to be sold at prices almost triple OPA's ceiling. Tourists in Mexico City report plenty of 51-gage nylons available in leading stores at 19.50 pesos (\$4) a pair.

Brownsville, Tex., reported that two carloads of nylons had crossed the border. Air pilots told of other shipments.

• **Exports Gain**—Numerically nylon exports have been skyrocketing. In Octo-

ber, 1945, only 2,884 doz. went abroad in November, 9,110 doz.; in December 17,322 doz.; in January 23,910 doz.; and in February 38,817 doz. A large part went to Mexico and Cuba. But OIT says that the percentage of production shipped abroad has stayed about the same, less than 1% of the total made and that increased output has boosted exports.

This reasoning doesn't placate such men as William Leader of the American Federation of Hosiery Workers (C.I.O.) who asserts that total U. S. production will be 22,000,000 doz. this year compared with a need for 40,000,000 doz. at home. Earl Constantine, president of National Assn. of Hosiery Manufacturers, which represents some 500 mills, estimates higher production—a minimum of 30,000,000 doz. and possibly 32,000,000 doz.

• **To Set Quotas**—Foreign retailers pay about \$36 a dozen, hosiery men say, whereas U. S. retailers pay \$11. The difference in price is accounted for by transportation costs and a 60% customs levy by Mexico.

As soon as it can decide which exporters and which countries are to be allowed to buy nylons, OIT will put nylons on their "positive" list. Nylon exporters must then apply for licenses and can ship only the amounts decided on by quotas, per month or per quarter. The order from OIT is expected next week.

JAHCO PLANS MERGER

Acting to develop peacetime uses for its war-developed plant capacity at Cleveland, the newly organized Jack & Heintz Precision Industries, Inc. (BW-Mar.9'46,p16), outgrowth of the unorthodox industrial war baby, Jack & Heintz, Inc., this week announced plans to absorb Eisemann Corp., Brooklyn (N. Y.) manufacturer of magnetos, generators, and ignition systems.

Subject to approval of stockholders of both groups, who will vote Apr. 17, merger will result in removal of the Eisemann operation to Cleveland, where it will become a division of Jack & Heintz. Present plant capacities of two Eisemann subsidiaries, Sargent-Roundy Corp., making milk coolers and farm machinery at Randolph, Vt., and Standard Tool & Gage Co., small tool and die maker at Syracuse, N. Y., will be utilized, but new business of these two also will go to Cleveland.

Merger will be effected through exchange of stock, at the rate of 0.115 shares of Jack & Heintz common for each of the 750,000 common shares of Eisemann, and 11.25 shares of common for each \$100 of Eisemann convertible 4% notes, of which \$300,000 are outstanding. Eisemann's 1945 net sales totaled \$2,431,773.

Antitrust Action

The Justice Dept.'s charges of conspiracy in the plumbing industry, brought in 1940, will be aired in Cleveland next fall.

The Justice Dept.'s antitrust action against a major segment of the nation's plumbing industry (BW-Oct.14'39, p.22) was held in abeyance during the war at the instance of the War Dept. because defendant companies were occupied with important military production jobs.

Now, with these same companies reconverted to the peacetime job of supplying plumbing equipment for housing including Federal Housing Expediter Wilson Wyatt's program to start 2,000,000 housing units by the end of 1947 (BW-Feb.16'46,p.25)—and other construction, trial of the long-delayed case has been set for Oct. 28 in Cleveland.

Mass Indictment—Defendants in the indictment returned in February, 1940, include 102 associations, companies, individuals, and unions. Another 115 co-conspirators were named but not indicted. The trial is expected to consume four months. It is an outgrowth of an investigation conducted by the Justice Dept. in 1939 under trust-buster Thurman Arnold.

Death has removed seven of the defendants, including Walter J. Kaiser, late chairman of the Kohler Co., Kohler, Wis., and George Masterton, formerly general president of the United Assn. of Journeymen Plumbers & Steamfitters.

Big and Little—Heading the list of companies indicted are the so-called "Big Three"—the Crane Co., Chicago; American Radiator & Standard Sanitary Corp., New York; and Kohler. These firms are cited as producers of about 70% of all cast-iron enamelware and vitreous chinaware, as well as 50% of the sanitary brass goods used in the plumbing industry. Others to stand trial range all the way from the plumbers' local union No. 55 of Cleveland and the Dade County Master Plumbers Assn., Miami, Fla., to the Grinnell Co., Providence, R. I.

Indicted manufacturers, jobbers, and master plumbers are accused of applying a "restricted system of distribution" which adds 15% to 40% more to the cost of plumbing supplies than the consumer has to pay for similar items purchased either from mail-order houses or from producers who sell on a "direct-to-you" basis.

Special Agreements?—Consumers cannot escape this writeup, it is charged, since members of the plumbers' local refuse to install fixtures not obtained

from manufacturers subscribing to the "restricted" method.

Journeymen plumbers and master plumbers who follow the "restricted" method are accused of reaching understandings covering artificial requirements as to the amount of time to be spent in making installations, the amount of work that is to be done each day, and the number of plumbers required on a job.

Cleveland Supercode—One document expected to figure in the government's case is the union "yellow book," a supercode imposed on top of Cleveland's presumably adequate building code. The supercode requires as much as 100% more fittings, 85% more joints, and 125% more pipe than does the city code. Plumbers contend that



BEEMAN ON U. S. BUSINESS

When Walter F. Straub, director of the Dept. of Agriculture's emergency food program, isn't working for the government, he's busy with bees and honey. As president of Chicago's Straub Co., he operates 15,000 hives, is developing a "trimotor" bee with a long proboscis. While with OPA in 1943-44, as director of food rationing, he put across the token system and evolved the 2-points-per-lb.-of-fat program that averted soap rationing. From June to October, 1945, he jeoped 5,000 miles studying German food plants, for the Army. He'll co-ordinate all phases of the U. S. program to feed the world—a job he hopes to finish in a few months.

a much more satisfactory job is thus accomplished for users.

The Oct. 28 date for the trial was set so there would be no interference with the plumbers' union convention which is scheduled for an early September meeting in Atlantic City. A pretrial conference between attorneys for the Justice Dept. and the defendants will be held in June.

Saving the Gas

Conservation drive given impetus by increased value of flared byproduct in oil fields. Companies invest large sums.

After years of talking much and doing little about the wastage of natural gas, Texas—and more particularly, oil companies operating in Texas fields—is beginning a conservation program whose goal is full utilization of this valuable natural resource.

Value Much Greater—Public pressure is responsible in part for the oil companies' activities; increased value of the gas—one operator estimates it amounts to 40% over prewar levels—is another and tangible inducement.

Despite increasing use of natural gas in the past decade—most of it for pipeline transportation to urban markets—gas wastage in Texas is conservatively estimated to be as much as 1,000,000,000 cu. ft. a day.

Much of this is casinghead gas, a byproduct of crude oil production. (Gas pressure in many fields forces the oil to the surface through wells, after which the gas in numerous instances is burned to dispose of it.)

Merely a Start—The projects for natural gasoline extraction, recycling, and pressure maintenance of casinghead gas announced so far are merely snipping at the edges of gas wastage, but they are a start. They include:

(1) Opening of a \$5 million absorption plant early in March at Winnie, Tex. Largest completed since the war, the plant will utilize 39,000,000 cu. ft. daily formerly flared from four Gulf Coast fields. It will extract liquid hydrocarbons (natural gasoline) and other useful products, and then pipe the dry gas at 9¢ per 1,000 cu. ft. to industries in Beaumont, Port Arthur, and Orange.

(In the absorption plant, gas is passed through certain oils, which absorb the natural gasoline and other liquid hydrocarbons; these are then separated from the oil by distillation. In another process, the gas is compressed until the desired liquefiable portions turn to liquid and can thus be separated.)

(2) Plans for a \$7 million gas cycling and natural gasoline plant in the Seelig-

son field, South Texas, where some 40,000,000 cu. ft. are flared daily. Sun Oil Co., Magnolia Petroleum Co., Trans-Western Oil Co., and ten smaller operators are joining in the project. Natural gasoline will be extracted, after which part of the dry gas will be sold to pipelines, part returned to the ground to build up pressure to force out more oil.

(3) A project by Humble Oil & Refining Co. to conserve some 60,722,000 cu. ft. of gas daily in eleven Gulf Coast fields. Humble's investment will amount to \$4,783,000.

(4) A \$4 million (including the \$2 million for the Seeligson project) gas conservation program of Sun Oil, most of it in Texas. It will include a natural gasoline and possibly a gas storage compressor plant in the Sun and North Sun fields, four small pressure maintenance plants in other South Texas fields, sale of flare gas from three fields in the Beaumont area, a pressure maintenance plant in Michigan, and a natural gasoline plant in the Delhi field in Louisiana.

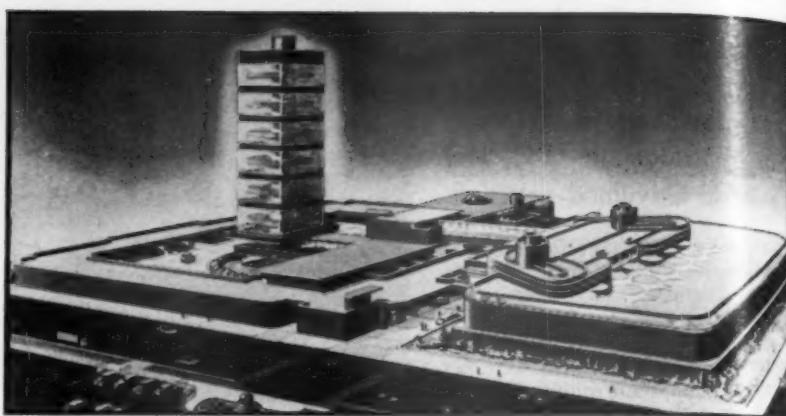
(5) Proposal by Barnsdall Oil Co. to erect a gasoline processing plant in the Placedo field, delivering to Tennessee Gas & Transmission Co. pipelines 8,000,000 cu. ft. of gas now being flared. Barnsdall has offered to let other operators share in this project.

(6) A contract by Magnolia for erection of a plant in the West Ranch field to process 11,000,000 cu. ft. daily now being vented there plus 1,720,000 cu. ft. from the Loleta field.

• **Wastage Reduced**—Only 5% of straight natural gas (as distinguished from casinghead gas) now is being wasted, against 37% in 1935. But even here new projects are being planned. Three of these are in the Carthage gas fields: a gasoline extraction and recycling plant, by Roger Lacy and the Lone Star Gas Co.; a high-pressure absorption plant to process 120,000,000 cu. ft. daily, by the Chicago Corp.; and a gasoline extraction plant to handle 100,000,000 cu. ft. daily, by United Gas Corp.

Newest use for gas is its hydrogenation to produce synthetic gasoline and other petroleum and chemical products. Slated for erection at Brownsville is a \$17 million plant employing a process developed by Hydrocarbon Research, Inc. (BW-Jul. 21 '45, p. 74). LaGloria Corp., United, and others are participating.

(In the hydrogenation process, natural gas is broken down into carbon monoxide and hydrogen by use of steam, carbon dioxide, oxygen, or a combination of these three. The product gases are recombined in the presence of a catalyst to form synthetic gas and oil. Depending upon controllable conditions in the reaction, the end



GIANT TEST TUBE FOR JOHNSON'S WAX

In his plans for a research laboratory for Racine's S. C. Johnson & Son, architect Frank Lloyd Wright has done it again. He startled architectural and industrial worlds with unusual construction ideas (BW-May 6 '39, p. 24) embodied in the wax company's administration building (to right of driveway). Now the 15-storied glass tower that will crown the proposed structure will blossom from a 156-ft. reinforced concrete stem—apparently the sole support. In addition, the shaft will house heating, air conditioning, and other services.

products can be made to range from high-quality gasoline to diesel oil and paraffin wax.)

• **Conservation Drive**—Stimulating—if not inspiring—such efforts are the gas conservation hearings now being conducted by the Texas Railroad Commission. This state oil and gas regulatory body made initial moves to halt gas wastage about seven years ago when it issued a pressure maintenance order covering the Old Ocean field in the Gulf Coast district. The result of this move has been the return of 332,000,000 cu. ft. of gas to the oil producing structure in the past five years, with none being vented.

Reasons for flaring gas have been largely twofold: It assertedly was not always feasible to return gas to the underground reservoir, and no market was available to utilize the gas at a price that would amortize the cost of a processing plant.

• **Fear of FPC Control**—One other obstacle, in some operators' opinion—and this was stated before the Texas commission—is the concern lest sale of gas to a pipeline company (this often entails construction of a transmission line by the seller) might lead the Federal Power Commission to declare the seller a public utility subject to FPC's controls over gas in interstate commerce (BW-Apr. 7 '45, p. 32).

But Texas has at least 82 trillion cu. ft. of proved gas reserves at stake. And it is determined to shut down the towering pillars of flame that are burning away precious natural gas from so many oil fields in its domain.

Ex-Grain Grower

Wheat Farming Corp., once the bogey of tenant farmers and Kansas officialdom, reaches end of the receivership trail.

A dream of large-scale mechanized wheat farming which started as a nightmare for tenant farmers in western Kansas now is nothing but a memory.

The Wheat Farming Corp. was organized in 1927 and began buying land. Scores upon scores of tenants found themselves dispossessed almost overnight. Buildings were demolished and tractors rumbled over a holding that ultimately was built up to 64,453 acres.

• **Into Court**—Farmers protested and the state legislature ordered the attorney general to act. The corporation finally was haled into court in 1931 on the grounds that Kansas law did not permit corporate farming.

The Wheat Farming Corp. countered that the laws specifically allowed the formation of corporations to foster agriculture and horticulture. Then came the wrangle over whether the concern's tractor farming did, in fact, promote agriculture. Between the court action and the depression, bankruptcy followed.

• **One Forlorn Hope**—Now the receivers have paid out a final 14% liquidating dividend on the \$300,000 of preferred stock which Wheat Farming marketed, bringing the total return to 66¢ on the dollar. Only one forlorn hope re-

Without additional charge,
this "multiple-line" brokerage
organization (a) supplies technical advisers
for all forms of business insurance (b) buys
for you in the open market (c) integrates your
various forms of coverage (d) recommends loss
prevention measures (e) negotiates your claims.

JOHNSON & HIGGINS
Insurance Brokers

63 WALL STREET • NEW YORK 5

CHICAGO • DETROIT • TORONTO • WINNIPEG
LOS ANGELES • SAN FRANCISCO • SEATTLE • VANCOUVER
PHILADELPHIA • BUFFALO • HAVANA • MONTREAL



In rendering these services we act as your representative in dealing with the insurance companies. Our basic principle is "no axe to grind—but yours." Our compensation is a brokerage paid by the insurance companies. The value of our function grows daily with the increasing complexities of business. Full information about our unusual facilities will be supplied promptly by any J & H office.

BUYERS OF INSURANCE FOR COMMERCE AND INDUSTRY SINCE 1845



"Is Your Nightmare on the Day Shift?"

How would you feel if you were some piece of vital information—an estimate, a contract, a letter or plan—hopelessly lost in the labyrinth of an outmoded filing system? Naturally, you feel even worse when you are looking for that lost document. Filed? Sure it was filed. But there's a difference between "filing" and finding. With modern finding systems, it's a cinch—and the man who knows all about them is—

**ART METAL'S
"MR. EXPEDITER, O. D."**

"O.D."—Doctor of Offices—because his

mission is to arrange and equip simple, sure-fire systems for protecting and finding valued records. Some problems are elementary; others are highly complex—yet Mr. Expediter has more tricks up his sleeve than Ching Ling-Foo himself—and they always work. Invite him in to tell you about Wabash finding systems and Art Metal filing equipment—and to discuss your problems. And ask for his revealing book, "Office Standards and Planning Book." The book is as free as his advice. Simply call your local Art Metal dealer or write Art Metal Construction Co., Jamestown, N. Y.

Makers of

ART METAL STEEL OFFICE EQUIPMENT

POSTINDEX VISIBLE INDEX RECORDS

*WABASH FILING SUPPLIES

*a subsidiary company

BALTIMORE
BOSTON
CHICAGO

CINCINNATI
CLEVELAND
DETROIT

HARTFORD
LOS ANGELES
NEW YORK

PHILADELPHIA
PITTSBURGH
WASHINGTON



SYSTEMATIZED EQUIPMENT AND RECORDS FOR BUSINESS

mains that preferred stockholders will get any more—or that common stock sold for more than \$2,000,000 will get anything.

The trustees didn't sell mineral rights with the land. The acreage is an oil wildcatting territory.

PUBLICITY FOR PLASMA

Recent release of the Army-Navy surplus of blood plasma, 1,250,000 units, to the Red Cross will have practically no effect on sales of commercial plasma, which amount to 15,000-20,000 units monthly. The Red Cross will dole out the surplus through state health departments, for civilian charity patients.

There are three manufacturers of commercial plasma in the U. S., Sharp & Dohme, Philadelphia, the Hyland Laboratories, Los Angeles, and Michael Reese Research Foundation, Chicago. Dried plasma, the type released as surplus, is only one of many biologicals made by both leading concerns.

Publicity given to the free plasma is expected to benefit the commercial product.



TO BE OR NOT TO BE

As Mayor of New York, F. H. La Guardia kept watch over Gotham's food supply and prices—experience which will come in handy if he accepts UNRRA's bid to become director general. Whether he'll have to give up fat press and radio contracts if he takes the post is still a question.

Driving to Alaska?

Territory isn't ready for tourists, nor is Canada making plans for increased traffic on road it takes over in April.

Many a tour-minded motorist is toying with the notion of driving up to Alaska for his first postwar vacation. Publicity given to the Alaska Highway (NW-Aug. 18'45, p32) has helped whip up enthusiasm for the idea.

Unprepared—Less encouraging, however, is the word from Alaska, which is no way prepared for any tourist influx this year. Hotels there are already filled, without tourists; by agreement there are no auto courts. The territory's present housing is barely adequate for its estimated white population of 40,000.

Furthermore, before the motorist heads north, he will do well to investigate the conditions he will encounter on the Alaska Highway, provided he is permitted to use it. There are stretches of hundreds of miles which not only offer no sleeping accommodations but are usually devoid of oil and gas facilities and food shops.

Grandeur and Monotony—Those who have traveled the road give a mixed report on the scenery. Admittedly, military and not tourist considerations dictated the route. For miles and miles in British Columbia and the Yukon, the traveler is confronted with the unbroken monotony of thick forest. Between Fort Nelson and Watson Lake, however, one traveler reported "scenery equal in grandeur to that found in Glacier National Park."

In the affairs of the highway itself, 1946 will be a decisive year. The Canadian portion of the route (about three-fourths of it) will be taken over from the United States Army by the Canadian army on Apr. 1. Ottawa reports that funds have already been made available for maintenance of their section of the road.

By Agreement—The highway was built by the United States under an agreement to maintain it until the return of peace, after which Canada was to pay for its upkeep.

At present, civilian travel over the road is definitely not encouraged. Permits for such travel have been issued, however, by a joint United States-Canadian board with headquarters at Edmonton. The same permit policy will be continued under Canadian administration.

There is no evidence that Canada will make any efforts to attract tourists to the Alaska Highway this year.

White Elephant—The Canadian army is expected to continue a temporary deal



Life lines

Down forty fathoms, in the uncertain half-world beneath the sea, existence itself depends on the life-giving lines that link him with the world above.

In Industry, too, there are "life lines" equally essential...the vital clutches and hydraulic drives that transmit and control the power required to meet today's production demands.


Finding ever more efficient methods of harnessing this vital power...tackling and solving new problems of power linkage...has been Twin Disc's sole specialty for 27 years.


Results of these long years of

experiment and experience are represented today in the diversified line of Twin Disc Clutches and Hydraulic Drives...and in the vast backlog of "know-how" gathered by Twin Disc Engineers in designing, building and applying *proved power links* for nearly every type of industrial application.


Impartial recommendations of the Twin Disc Engineers for solving your particular linkage problem, plus full facts on the extensive Twin Disc line, are yours without obligation. Write today.

TWIN DISC CLUTCH CO., Racine, Wis.
Hydraulic Division, Rockford, Illinois






Power Take-off



Hydraulic Torque Converter



Machine Tool Clutch

SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

YOUR GUIDE TO The finest IN LETTERHEAD PAPER



Partial, informative letterhead paper Comparison Kit. Contains positive proof of the superiority of Anniversary Bond, the brilliant white, prestige-building letterhead paper by Fox River.

Many busy executives have welcomed this helpful guide when selecting letterhead paper. It contains an unbiased comparison between a 25% cotton fibre paper and Anniversary Bond, the 100% cotton fibre letterhead paper. You'll find actual convincing proof of the superiority of this outstanding letterhead paper in this informative kit. Samples are included for testing and comparison with your present letterhead paper. Write for your copy today. It's free.

THE WATERMARK IS YOUR
QUALITY GUARANTEE...
BE SURE IT READS
100% COTTON FIBRE — BY

FOX RIVER

*Fine
Papers
SINCE 1883*

FOX RIVER PAPER CORPORATION
421-C S. Appleton St. • Appleton, Wis.

whereby Imperial Oil has supplied U. S. troops with gasoline for such traffic as has developed. The Canol pipeline (BW-Mar.10'45,p24), U. S. Army white elephant which parallels the highway from Whitehorse to Fairbanks, was closed down last spring, though part of the facilities have since been used to move gasoline and distillate.

Canada has informed Washington that it is not interested in taking over Canol, and the next step will be to offer the property for public sale to private interests.

• **Temporary Setup**—Administration of the Alaska Highway by the Canadian army is regarded as a temporary expedient. Actually, the Dominion has not fixed its long-range policy on use of the road. If it is decided to develop it into a tourist thoroughfare, then other administrative arrangements will have to be made to carry out the plans.

From one quarter, the present highway can expect no support. Seattle residents, plugging for new route to Alaska with Seattle as its southern terminus, say that the military road is now of little use to anybody. Claiming that existing roads could be used from Seattle via Vancouver to Prince George, proponents of a western route hope to convince Congress that it could be built for less than \$15 million.

Ford's Public

Spurred by its young president's awareness of publicity values, Ford Motor is reorganizing its "contact" divisions.

In an industry highly conscious of publicity, the Ford Motor Co. has long been more or less indifferent to the news it created. But today the company is trying to see itself as others see it—and to act accordingly. Its assistant in the effort will be Earl Newsom & Co., a New York public relations firm which perhaps more than any of its fellow organizations prefers to work in silence.

• **Simplified History**—The new move is seen as another result of the tenure of Henry Ford II as president of the company. The young Ford chief realizes that his firm is represented in the public eye by the milestones in its history—the Model T, the \$5 day, the Peace Ship, possibly today's liberal labor contract (BW-Mar.16'46,p104), which may be an effective counter to the company's antiunion stand during the middle thirties.

Basically, Ford's objectives are simple. He seeks leadership in the auto in-



TO COMBAT DEADLY ORANGE BLIGHT

A citrus grower examines a withered victim of "quick decline," mysterious malady that is killing orange trees in southern California. A tree may die of it in a month or linger for years; apparently it never recovers. So far University of California experts mobilized to find cause and cure have been stumped. Only known fact is that the disease—which has appeared in a few small areas—affects only sweet oranges budded on sour-root stock. More than 1,000 young orange trees have been planted for exhaustive tests under Dr. L. D. Batchelor, director of Citrus Experiment Station at Riverside.

Everything in Piping . . . for Gas Plants, for Example

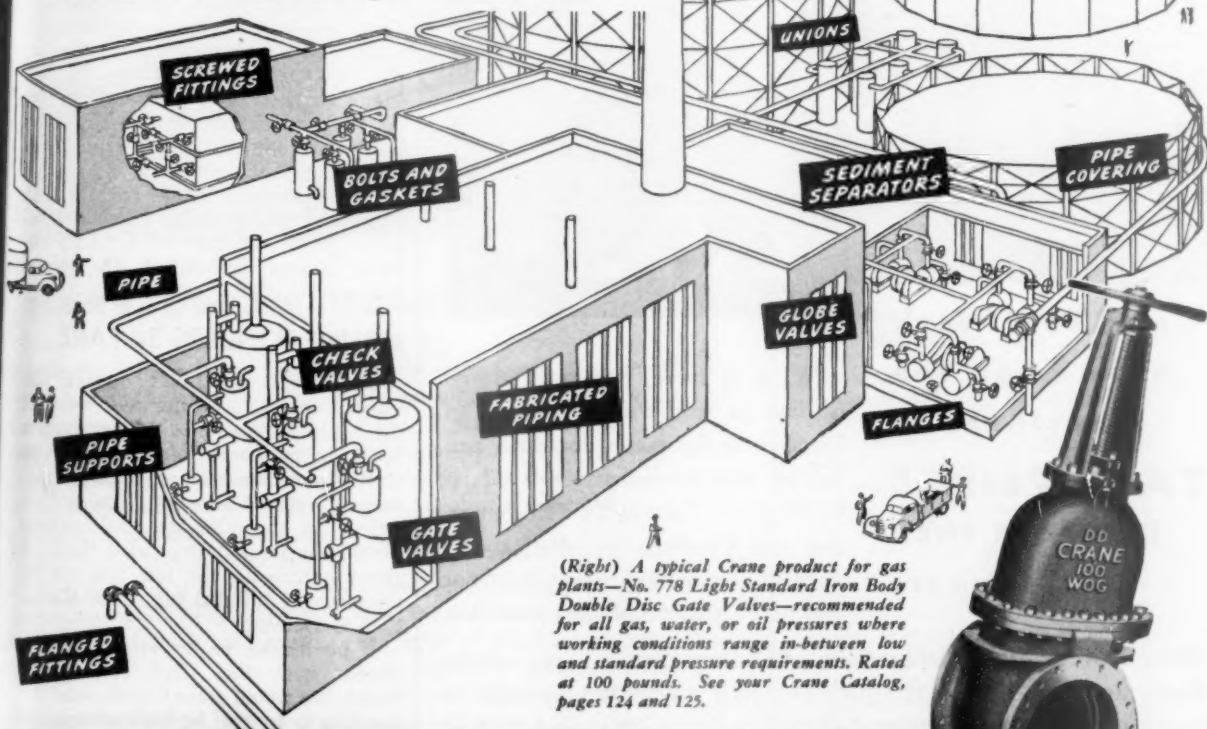
Modern fuel gas production represents a capital investment in piping materials. This carbureted water gas plant . . . a coal or oil gas plant . . . or a natural gas system . . . each has its individual process piping requirements in addition to transmission and distribution lines. For all these needs, the right equipment is found in the Crane line, with this exclusive 3-way advantage.

**ONE STANDARD OF QUALITY
ONE RESPONSIBILITY
ONE SOURCE OF SUPPLY**

The advantage that Crane offers the gas industry is available to any plant in any field. For Crane is the world's *most complete* source of piping equipment for *all* applications.

Buying is simplified—one order to the local Crane Branch or Wholesaler covers everything. One responsibility for valves, fittings, pipe, accessories and fabricated piping assures better installations. Crane Quality—the standard of quality for more than 90 years—throughout piping systems, keeps them on the job longer at lower cost.

CRANE CO., 836 South Michigan Avenue, Chicago 5, Illinois
Branches and Wholesalers Serving All Industrial Areas



(Right) A typical Crane product for gas plants—No. 778 Light Standard Iron Body Double Disc Gate Valves—recommended for all gas, water, or oil pressures where working conditions range in-between low and standard pressure requirements. Rated at 100 pounds. See your Crane Catalog, pages 124 and 125.

EVERYTHING FROM . . .

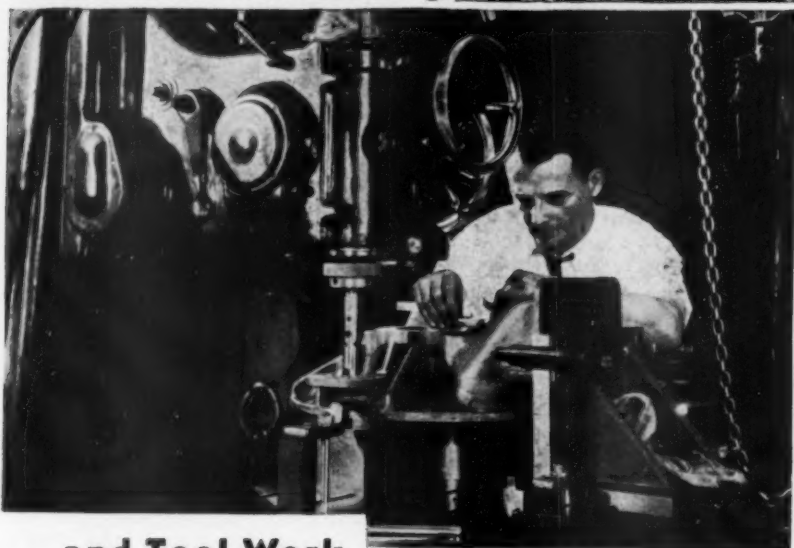
VALVES • FITTINGS
PIPE • PLUMBING
HEATING • PUMPS

CRANE

FOR EVERY PIPING SYSTEM



Contract Manufacturing



**... and Tool Work
have been the
business of
TAFT-PEIRCE
for more than
70 years**

What is more, they will *always* continue to be the main business of Taft-Peirce. So many domestic and foreign manufacturers have made it a custom to "Take It To Taft-Peirce" that the Contract Division, today, musters 1200 machine tools in a floor area of more than 300,000 square feet.

These facilities are available to you. And from them you can receive a steady flow of mechanisms, machines, fully assembled products in quantity, or a single tool or part. No job is too large or too small. And none is beyond the scope of the experience of this unique organization. For details, available arrangements and estimates, simply write to: *The Taft-Peirce Manufacturing Company, Woonsocket, Rhode Island.*



**For Engineering, Tooling, Contract Manufacturing:
TAKE IT TO TAFT-PEIRCE**

dusty, good labor relations, profitable operation of his huge plants.

• **Centralized Control**—Under public relations at Ford are being grouped such divisions as the news bureau (which writes publicity and provides liaison for newsmen with whatever departments interest them), the guide service (which escorts a million visitors through the Rouge works annually), the photographic department, and the publications department (which writes and produces "The Ford Times," distributed to 450,000 employees and dealer mailing-list prospects, and other printed matter).

Newsom is fortunate not only in having these various mediums for reaching the public, but also in his client. Detroit auto men feel that Henry Ford II is a "natural," making a good impression on dealers, the press, and the public.

• **On the Account**—The unobtrusive Newsom organization handles only a handful of accounts, all large, all important. Newsom, whose experience includes magazine and investment house work, has been in the public relations business for a decade. He spends half a dozen days a month or more in Detroit. The contact man on the account, Ping Ferry, is at the Rouge more often.

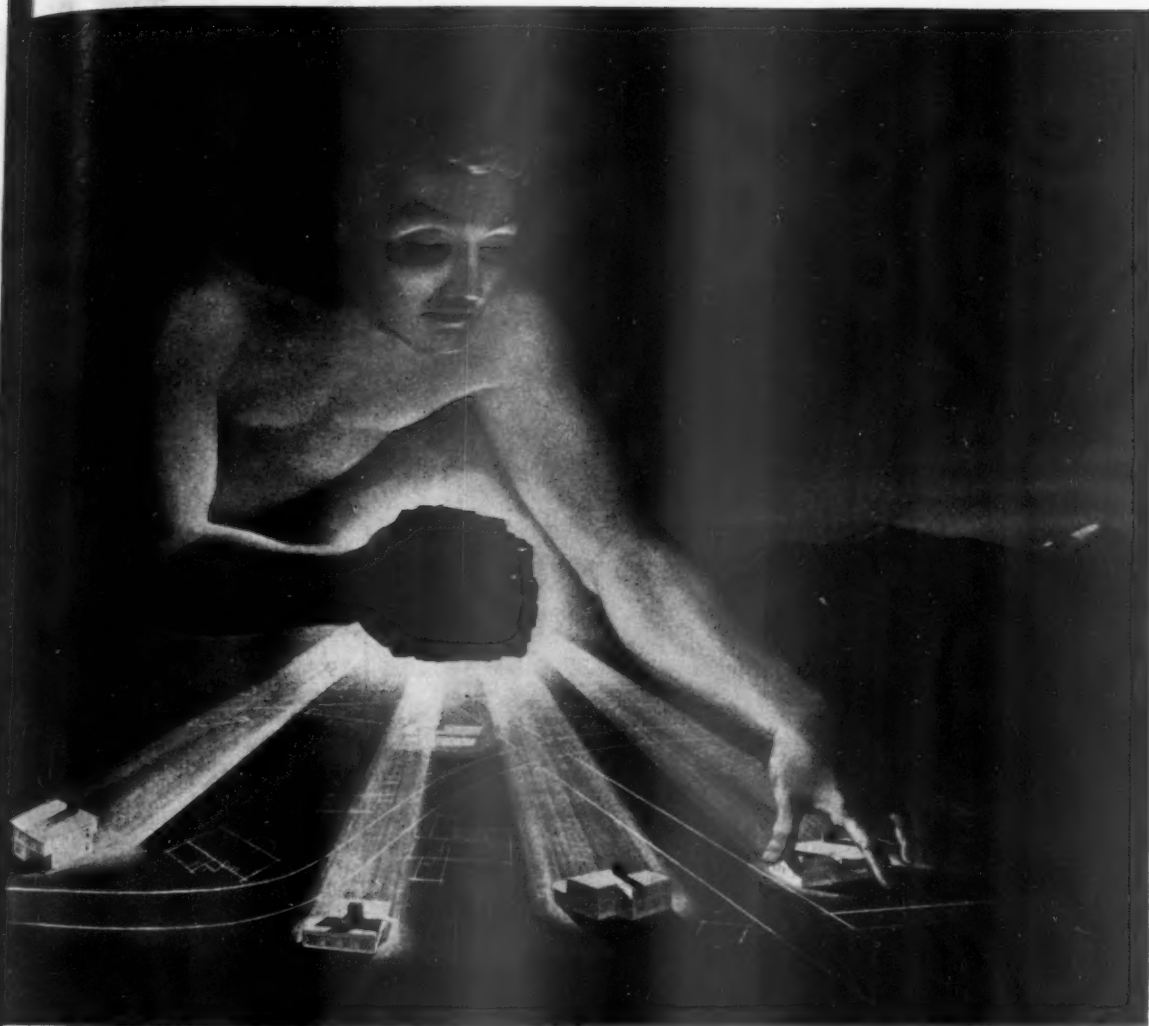
Ferry's background makes him particularly valuable in moves involving Ford workers and their unions. Son of the secretary-treasurer of the Packard Motor Car Co., Ferry has spent most of his working life on labor's side. After Dartmouth he became one of the founders of the Newspaper Guild's first chapter in Detroit, while working at the Free Press in 1934. During 1944 he was director of public relations for C.I.O.'s Political Action Committee. He joined Newsom in 1945.

AIRLINE PONDERES 3¢ FARE

Continental Air Lines, one of the smaller operators in the area west of the Mississippi, would like to try out a 3¢-a-mile passenger fare suggested by C. R. Smith, chairman of American Airlines, in a recent Saturday Evening Post article, as the ultimate goal airlines should aim for. Continental is thinking about putting in the low rate on its most heavily traveled run, from Kansas City to Denver.

If permission to do so can be obtained from the Civil Aeronautics Board, this would make Continental the first line to try the 3¢ fare on regularly scheduled flights. Present fares run from 4½¢ to 6¢.

CAB approval for the proposal is by no means open and shut. Although the board is generally in favor of lower rates, other airlines can be expected to point to the disrupting effect on the through-run fare structure of an isolated reduction.



MAKE DREAM HOMES COME TRUE

America, always a home-loving land, readies herself to move into wonderful new homes whose comforts and conveniences will match those of any castle of the mind . . . Homes where every one of the household chores will be performed by the push of a button . . . Homes whose indoor climate will equal the best that nature has to offer . . . Homes whose rooms will be healthfully warmed by the steady, uniform flow of automatic coal heat.

Coal . . . the Modern Fuel

Bituminous Coal has long been valued as the most economical, most dependable of all home-heating fuels. That's the reason why more than 4 out of every 7 homes in the U. S. already heat with coal. And today, with the develop-

ment of marvelously efficient new stokers to suit the needs of any size of home, Bituminous Coal also becomes the modern fuel—completely automatic, even to the point of ash removal—clean, quiet, odorless, smokeless!

Coal . . . the Plentiful Fuel

Thanks to the unlimited bounty of nature, America boasts a 3,000-year treasure trove of Bituminous Coal. What more satisfying assurance could any new-home builder have that his coal supply will always be available—will always be low in cost, no matter how high the prices of other fuels may climb?

BITUMINOUS COAL INSTITUTE
60 East 42nd Street, New York 17, N. Y.

Why Our Civilization Depends on Coal

Not alone as a fuel does coal influence all our living. From Bituminous Coal comes a long list of widely divergent products that includes modern plastics and fabrics; paints and roofing materials; medicines, vitamins and antiseptics; insecticides, fertilizers, plant foods—and thousands more. Into the making of every ton of steel goes a ton of Bituminous Coal. It generates over 62% of all our electricity. And it powers 94% of all our railroad locomotives . . . Our whole civilization depends on this magic mineral; and anything that affects coal mining also affects you—whether or not you actually burn coal!

Out of every dollar of Bituminous Coal sales at the mines, the miners receive an average of over 60¢ in wages—the mine owners average about 2¢ profit.

BITUMINOUS COAL . . . LIGHTS THE WAY . . . FUELS THE FIRES . . . POWERS THE PROGRESS OF AMERICA

How a ROLLER Becomes a TRAILER..in "fast, short strokes"!



A Typical Example of Another Manufacturer's Product-Development With Blackhawk Hydraulic Control

YES, "fast, short strokes" on a Blackhawk High-Pressure Hydraulic Pump make this Littleford Bros. portable maintenance roller a real "gad-about."

And Blackhawk Hydraulic Controls thus create these exclusive sales slants in the Littleford Bros. literature:

"Ease of conversion from rolling to trailing and vice versa is accomplished by means of a hydraulic lift. No back-breaking jacking up of roller as found on similar units. Ease of operation makes less work for the operator . . . ingenious arrangement whereby one hydraulic ram is used to lift either trailing wheels or main roller off the ground."

You, too, may have a product which can win outstanding sales appeal through the installation of Blackhawk Hydraulic Equipment. Blackhawk Hydraulic Controls are engineered and priced for *quantity* purchases and *practical* installation on the products of other manufacturers. Submit your hydraulic questions to us. We will counsel in confidence.

BLACKHAWK MFG. COMPANY 5300 West Rogers Street, Milwaukee 1, Wisconsin

BLACKHAWK

HIGH-PRESSURE HYDRAULICS

Cotton's Tire Bid

Wilds 13, a longer staple is new entry among cords, price will decide how much that market is kept by rayon

Cotton interests, eager to challenge the rubber industry's present preference for rayon tire cord, are pinning considerable hope on Wilds 13, a cotton developed by the Southern Regional Research Laboratory at New Orleans.

Wilds 13, produced by grafting superior cultivation—notably on bottomlands—has a longer staple stronger than ordinary commercial grades. In fact, its proponents say it is 132% better than ordinary cotton. • **What Tests Showed**—Tire testing Wilds 13 was started in March, 1934 at the request of the Dept. of Agriculture. Rubber Reserve Co. did the testing, results of which were that:

In 6.00x16 tires, which account 75% of normal passenger tire production, Wilds 13 reportedly showed superiority over ordinary good commercial grades of cotton. No failures resulted from cord weaknesses up to 10,000 miles.

In 7.00x20, 10-ply synthetic rubber tires in front wheel service, Wilds 13 was 30% better than standard cotton for final mileage. However, rayon reported 70% better than standard cotton. For the same tires in rear wheel service, Wilds 13 was 202% better than standard cotton for mileage, but rayon was 517% better.

• **The Gist of It**—Boiled down, Rubber Reserve Co. finding was that rayon cord was relatively superior to cotton cords in total mileage, but that cotton cords made a slightly better showing than rayon on the basis of tire wear, mile for mile.

Actually, the ultimate determination of the amounts of cotton and rayon used by the tire industry will be available and price.

Rayon entrenched itself with the rubber manufacturers during the war when it was found that rayon cord would stand up under the heat generated by military truck and bus tires carrying heavy loads. Since synthetic rubber generates more heat than natural, use of rayon in the big tires became a must.

• **Price Will Decide**—For passenger tires, the heat element isn't an important factor. Therefore, a potential market remains for cotton, contingent on price.

At the moment, nobody in the rubber industry is flatfootedly saying "We'll use cotton," or, "We'll use rayon."

In price, cotton and rayon are no

A TIP FOR YOU MR. PRESIDENT

WE MEAN YOU, MR. MANUFACTURER,
MR. WHOLESALER, MR. RETAILER, MR. BUSINESS EXECUTIVE

*Three magic words will get you into production . . .
faster . . . get your goods on sales counters quicker . . .
and help you beat competition by days . . . even weeks*

WE DID IT IN WAR, AND AGAIN WE'RE DOING IT IN PEACE

YOU'VE guessed the three words we mean . . . if you ever used motor freight.

Truck freight goes direct. The load is picked up when you're ready . . . goes out as soon as you wish . . . goes direct, by the shortest possible route. Trucks can be routed direct to the factory, assembly line, store or warehouse. There's no side-tracking. There's an absolute minimum of handling . . . of jolting . . . of breakage or other loss.

When you say "ship by truck," you save days . . . even weeks of precious time. And

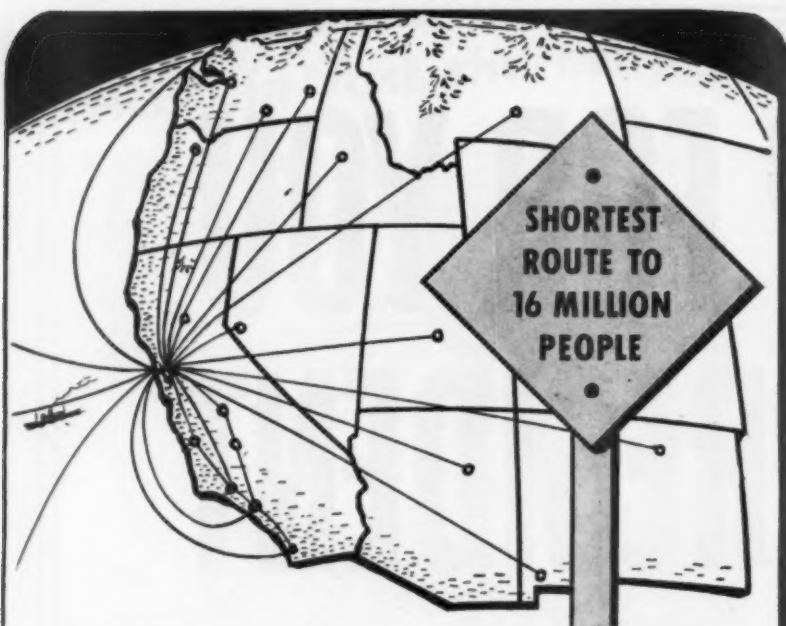
you know what an edge that gives you . . . no matter what your business. Modern truck transport is often faster than the U. S. Mails . . . even on long hauls.

With pressure for deliveries what it is today, you can't afford to be without the extra advantages of flexibility, safety and—over-all economy that only trucks can offer. Make your own investigation of how trucks can help you . . . or write to your State Trucking Association . . . affiliated with ATA.



THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON, D. C.



Here is a short cut to reduced distribution and selling costs!

As business reconverts to peace there will be more emphasis on selling. Competition will necessitate distribution economies, particularly in the West—an area of vast distances.

From a purely production standpoint, Santa Clara County ranks high in advantages. But from a distribution standpoint its advantages are even more striking.

Located at the population center of the Pacific Coast, a Santa Clara County factory or distributing warehouse can reach more people, more swiftly and economically than from any other Western point. As a result, this County has become one of the large trucking centers of the West.

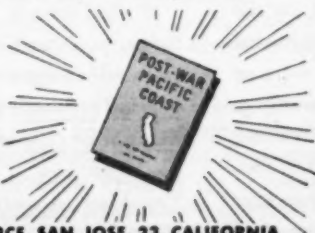
There are two transcontinental railroads serving Santa Clara County—and the facilities of San Francisco Bay for coastal, intercoastal and foreign trade.

When you stop to consider that the 16 million people of the West have a purchasing power from 25% to 50% in excess of the national average, you can fully appreciate the richness of the Western market. And Santa Clara County is its logical distribution center.

WRITE FOR THIS FREE BOOK

Post-War Pacific Coast gives complete details about Santa Clara's production and distribution facilities. It's worth owning. Write on your business letterhead.

DEPT. W SAN JOSE CHAMBER OF COMMERCE, SAN JOSE, 23, CALIFORNIA



SANTA CLARA COUNTY

California

The population center of the Pacific Coast

practically competitive. If rayon could be had as cheaply as cotton, then the rubber industry will use it. If it goes high then it will be used only in premium tires.

Wilds 13 is still under the hands of not being available in the commercial quantities required for any substantial number of tires. And the rubber industry doesn't yet know how it will be priced.

EGG OUTPUT LEVELS OFF

A once-threatening surplus of eggs recently estimated to reach 20,000,000 cases at the peak of the season, has a good deal of its terror. Failure of the expected egg surplus to show up is one of the few doubtful benefits of the present feed shortage.

Industry and Dept. of Agriculture officials say that the solution is proved to be simple. Lack of feed will subtract from the poultry population, and the lack of layers will subtract from the egg supply.

So stringent is the feed situation that Hobart Creighton, director of the poultry branch of the Production Marketing Administration, has recommended that no growers start chicks hatching unless it is definitely known beforehand where feed is to be had for bringing chicks to maturity.

Even if the feed situation should improve, however, there is little likelihood that any staggering egg surplus will develop, what with foreign hunger rampant. Most of the eggs to meet foreign demand will be dried.

Actually egg production is expected to continue great by prewar standards but will fall short of the wartime peak of 143,500,000 cases.

A FEW SIDEWALL TIRES

Heeding pleas of auto makers and sales departments of rubber plants, the Civilian Production Administration is now permitting individual manufacturers to turn out as many as 50 white sidewall tires a month, experimentally.

Since such tires require a separate production line and take longer to manufacture, CPA has been reluctant to relax the war regulations which have limited output of passenger car casings to a single grade. The auto makers, however, would like to have some to dress up their new models.

Making sidewalls with synthetic rubber, something that hasn't been done before, poses new production problems. All rubber used must be chemically treated to keep the black part from bleeding and discoloring the white strip. Titanium oxide is being used to whiten the rubber for the sidewall.

Volume production of white sidewalls is not expected before fall.

Horsemeat Plant

Quaker Oats Co. unit at Marion, Ohio, is preparing for predicted boom in dogfood at home and in exports.

Quaker Oats Co. is getting set for a big increase in sales of horsemeat for both human and human consumption. The company recently bought the plant and 100 acres of ground of the defunct Marquette Packing Co., Marion, Ohio. The new plant is scheduled to start May 1, 1942, and is expected to slaughter as many as 500 horses a day.

Water Hauls—At Marion, Quaker Oats Co. plans to expand the operations of its Rockford (Ill.) plant. At Rockford Quaker Oats Co. uses its Ken-L dogfood products to pack horsemeat for export under the name of Chappel Bros., original owners of the plant. Marion will be closer to the eastern centers of population and to Atlantic ports.

Reasons for the bull market in horsemeat
(1) The trade expects that the War Relocation Administration will lift its 1942 ban on the use of horsemeat for dogfood (BW—Mar. 7'42, p. 10).
(2) there are more dogs now

Large Siphon Planned

Soap Lake, in the state of Washington, so named because of the heavily mineralized water forms "scum" against its shores, lies in the route chosen by U. S. Bureau of Reclamation engineers to take fresh water from Grand Coulee Dam, Washington, to irrigation tracts below.

Use of the lake as a channel would contaminate the Grand Coulee water for both irrigation and domestic purposes. So bureau engineers are considering something new and gigantic in the way of siphons. Tentative plans call for a steel siphon, 18 ft. in diameter, curving down across the 500-ft.-wide, several miles long lake, and surmounting a 200-ft. bluff on the western shore before emptying a 78-mi. canal.

Most ticklish engineering problem is the siphon support, since springs have established that 30 to 50 ft. of mud covers the gravel in the lake bottom. Probably the support will be a rock fill or a series of concrete piers.

The siphon will carry about 1,000 acre-feet of water daily. In one year it could carry more than 500,000 acre-feet.



ARE WE WAKING UP TOO LATE?

One of the facts of life we sometimes forget is the need for production.

We can't sell what we don't produce, to anybody at any price.

Labor, without production, cannot prosper, regardless of wage rates.

Management, without production, will have nothing to manage except liquidation.

Capital, without production, becomes merely money. And money is worth only what you can get for it.

Government, without production, cannot win a war or maintain a peace. Without production, government cannot even maintain itself.

Right now, we're all busy putting obstacles in the other fellow's road. Most of these obstacles are man-made. They're artificial—and useless.

Does anybody—labor, management, capital or government—have the right to be a dog in the manger?

We can agree, as easily as we can disagree, in all these arguments that are holding up production.

Let's wake up, before it is too late. Let's produce.

Geo. T. Trundle Jr.
President



This organization of over a hundred trained engineers has twenty-seven years of consulting management engineering experience. We invite you to write for more information, or to request a personal interview in your office.

THE TRUNDLE ENGINEERING COMPANY

Cleveland, Ohio, Bulkley Building

CHICAGO, City National Bank Building,
208 S. La Salle Street

NEW YORK, Graybar Building,
420 Lexington Avenue



Defies wear!

When a farmer says "wears like a pig's nose" he expresses the ultimate. But there must be an even stronger phrase for the practically wear-proof qualities of Hancock Boiler Blo-Off Valves.

Strength is inherent in the design in which parts, delicate adjustments—and trouble—are reduced to the absolute minimum.

A special, hard facing material is fused to the seat ring. The discs are super-hard, polished stainless steel. This means indefinitely long life—leak-proof for the life of the boilers.

How much this saves in repairs, in the cost of shut-downs! Truly it is most economical to install "Hancock" on every boiler.

Whenever Blo-off valves are part of the system, specify "Hancock" and forget them forever.

Stocked and sold by leading Distributors everywhere. Write to them or to us for full information.

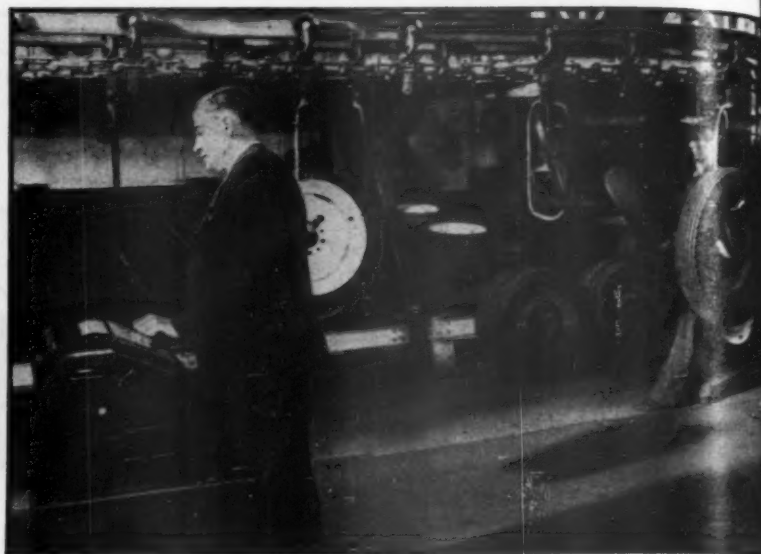


HANCOCK

Valves

MANNING, MAXWELL & MOORE, INC.
BRIDGEPORT 2, CONNECTICUT

Makers of Hancock Valves, Ashcroft Gauges, Safety and Relief Valves and American Industrial Instruments, Builders of Show Box Cranes, Budget and Loadlifter Hoists and other lifting equipment.



ASSEMBLY BY TELETYPE

As Hudson cars swing into production at Detroit, the company speeds output by teletyping instructions on individual orders to departments concerned. Preferences in accessories—as indicated by the dealer—are coded by numbers from key cards. From a central office (right), the code is relayed all along the assembly line. If, for example, it's a special color in wheels that is to be taken care of, the wheel department's teletype (above) registers the order immediately.



than then. Optimists say that consumption could reach 1,000,000,000 lb. a year, compared with about 700,000,000 lb. in 1941. During 1945 inspected packing plants butchered 77,887 horses, a 49% increase over 1944.

• **Shipped in Pickle**—About three-fourths of a horse carcass goes into dog-food. The choice parts of the hind-quarters and shoulders, representing about one-fourth, are shipped for human consumption. The meat, packed in 500-lb. barrels, is immersed in a "pickle"—packing house lingo for the briny curing solution used for the first process in preparing smoked meat.

The European consignee puts the horsemeat through his smokehouse and produces a delicacy of which about 5,000,000 lb. are imported annually from the U.S.

• **New Canadian Competition**—The war interrupted Quaker Oats shipments of horsemeat to Europe, but they have been resumed. To meet postwar shortages, the Belgian government has contracted to buy 40,000,000 lb. of Canadian horsemeat in the next year.

THEY SHALL HAVE MUSIC

Predictions that common carrier would soon be using recording system to amuse and inform their passengers (BW—Jan. 26 '46, p. 55) are receiving concrete confirmation from the Atchison Topeka & Santa Fe R.R.

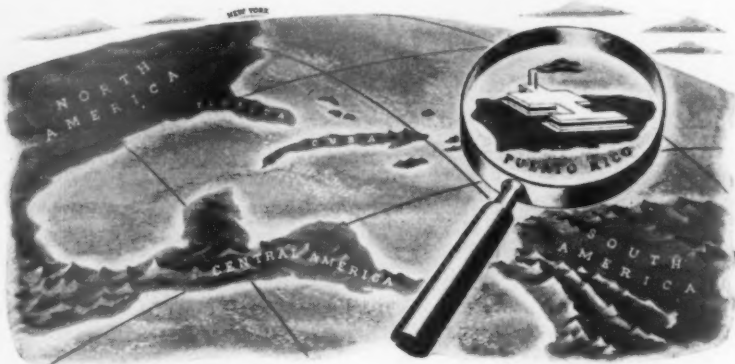
An integrated installation combining wire reproduction, radio, and public address systems is now in service on one of the Santa Fe's dining cars. This is the forerunner of similar installation which the road will make on sleeping club, chair, and other dining cars.

Individual outlets will be placed in sleeping cars. Occupants of bedroom roomettes, compartments, and drawing rooms will be able to use a push-button selector in choosing wire-produced or radio music.

The integrated system now being used was designed by Farnsworth Television & Radio Corp., and the wire reproducers were made by Brush Development Co. Santa Fe announced the Muzak Corp. would record musical programs for it.

For the right type of Manufacturer

HERE ARE OPPORTUNITIES
UNMATCHED ELSEWHERE
ON AMERICAN SOIL



IT'S NOT IN SOME FOREIGN LAND, BUT RIGHT IN U. S. TERRITORY

As a United States concern, operating in a territory of the United States, you will have no tariff barrier either way, and in addition you will enjoy lower insular taxes. Ample banking facilities are available, both with local banks and

branches of leading New York banks. You will be doing business under United States Federal law and with United States currency. It is an opportunity worthy of your most careful attention!

A BOOK FULL OF BUSINESS FACTS

You will find *Industrial Opportunities in Puerto Rico, U.S.A.*, a frank, straightforward analysis of the situation, designed not to 'sell' you but to help you decide whether yours is the right type of concern to profit from Puerto Rico's unique advantages. The coupon below will bring this booklet to you without cost or obligation of any kind. SEND FOR YOUR COPY TODAY.



PUERTO RICO DEVELOPMENT COMPANY

San Juan 12

Puerto Rico, U. S. A.

Puerto Rico Development Company
San Juan 12, Puerto Rico, U.S.A.

4 B

Please send me your 48-page illustrated booklet, *Industrial Opportunities in Puerto Rico, U.S.A.*, which shows the unique advantages Puerto Rico offers to American manufacturers; its ample supply of labor; its accessibility to markets and materials; and its complete familiarity with the ways and manners of both Americas.

Name:

Address:



There are few places in America—few places in all the world—where a manufacturer can enjoy the unique advantages and opportunities for profit:

Plant building constructed to your specifications with no initial investment, then leased to you for little as 1% of its cost.

Large, yet never fully utilized, supply of intelligent labor.

Unusually favorable wage levels.

An ideal climate for year-round production.

These are only a few of the advantages offered you today by Puerto Rico, U.S.A. The complete story is in a 48-page booklet, *Industrial Opportunities in Puerto Rico, U.S.A.*, booklet prepared by the Puerto Rico Development Company—a public corporation created to assist businessmen to share profitably in the industrial development of the Island.

THE ADVANTAGES THAT ONLY PUERTO RICO CAN OFFER!

The booklet points out, with either a main plant or a branch in Puerto Rico, U.S.A., you will be centrally located between the rich markets of North, Central, and South America. The home market will be the island with the largest per capita purchasing power in the whole Caribbean. You will be close to important sources of raw materials.



Sealed---

FOR UNFAILING ACCURACY

Built for punishment, watertight time-pieces were the watchmaker's contribution to survival at sea, and successful warfare in jungles and swamps across the Pacific.

In the same way, sealing is the contribution of modern industrial designers to longer operating efficiency for vital bearings and lower lubrication costs wherever shafts turn. National Oil Seals, designed to fit shafts of all kinds and sizes, do the first job of holding in oils and greases, and the *extra* job of holding out moisture and abrasive materials. Look to National for the newest in oil-seal construction.

Why not ask a National sales engineer to call at your plant when operating improvements or new installations are being planned? It usually pays.

1124

NATIONAL MOTOR BEARING CO., INC.

General Offices: Redwood City, Calif. • Plants: Redwood City, Calif., Van Wert, Ohio • Los Angeles, Calif. (Arrowhead Rubber Company)



WHEREVER SHAFTS MOVE, THERE'S A NATIONAL OIL SEAL TO RETAIN THE LUBRICANT



Carpeting Range

Cattle grazing lands will get new covering from experiments in cross-breeding of blue grasses with other strains.

Plant geneticists at Stanford University won't live to see the final results of the experiments they are conducting in the cross-breeding of grasses to reupholster our depleted grazing lands in the West.

Estimates of the years it will take to restore a thick, grassy carpet to the lands that have suffered from overgrazing and erosion range anywhere up to a century and more.

• **Hybrids Developed**—But this sober prospect does not dim the enthusiasm of the scientists at work in the Pacific Coast laboratory of the Carnegie Institution of Washington on the Stanford campus at Palo Alto, Calif. To them the interim results of the experiments begun early in 1943 under the direction of Dr. H. A. Spoehr have been gratifying.

So far, 32 hybrid grasses of great promise have been discovered. One of these was developed by crossing a vigorous, productive bunchgrass (from the state of Washington) which grows six feet tall and a hardy, Lapland bluegrass (from north of the Arctic Circle) which is highly resistant to rust and mildew. In a variant of this hybrid, a luxuriant strain of Kentucky bluegrass was substituted for the Lapland grass.

• **Harvest for Future**—Patience is a requisite quality in the man who would recarpet the ranges with a forage grass of deeper, tougher root, greater climatic adaptability, better soil coverage, greater disease resistance, greater nutritive value, better taste, and an extended period of availability to livestock. If these qualities are achieved, future generations will reap the harvest in beef roasts and lamb chops.

The bluegrasses (*Poa*) used in the experiments reproduce asexually, without fertilization of the egg cell, except in rare cases. In those rare instances where sexual development does occur, the door is opened for the geneticists to effect the desired hybridizations. Of the 30,000 seedlings now being grown in the laboratory, the scientists expect a yield of about 1% in hybrids.

• **Tested for Altitude**—For climatic adaptability, the hybrids are tested at different altitudes—in the Carnegie gardens at Stanford near sea level, and in the yellow pine belt of the Sierra Nevada at 4,600 ft. and near timberline at 10,000 ft.

When the plants survive all tests, they are turned over to the U. S. Soil

conservation Service for final testing and use.

Only Half Enough—The dimensions of the problem to which the Carnegie Institution men have addressed themselves are apparent in government estimates that western grazing lands, originally adequate for 22,500,000 animal units (a unit is one cow or five sheep), were capable of grazing only 10,800,000 of the 17,300,000 animal units turned loose on them in 1936.

AIR GIANT'S PROGRESS

When the world's largest flying freight ship will be ready to try its wings remains conjectural.

The Hughes Aircraft Co., Culver City (Calif.) maker of the eight-engined flying boat, the Hercules, has maintained secrecy about the plane with the 20-ft. wingspread since the publicity a few months ago when some of the top production executives quit.

Sources close to Howard Hughes,

millionaire industrialist and movie producer, say he believes that the giant craft will not be in the air before mid-June. Those who know Hughes' meticulous work on a new plane think it will be much later.

When plans were revealed for a \$200,000 graving dock at Long Beach, Calif., to cradle the big ship while it is being assembled and tested (BW—Jun. 16'45, p48), it was announced the freighter would be ready in January.

Work was started only recently on the graving dock. After the flying boat is assembled, there will be weeks of taxiing tests on the water before it finally is tried in the air.

The \$18,000,000 advanced by Defense Plant Corp. to build the Hercules has been spent. Best estimate is that it will take \$4,000,000 more to finish the plane. Hughes and Henry J. Kaiser were commissioned by the government to build the plane in 1942 as a war cargo ship, but Kaiser pulled out of the venture in 1943.



BUZZ BOMBS TO MODELS

And now it's jet propulsion for the model makers. Priced at \$19.50, the tiny but noisy Dynajet engine of Aeromarine Co. of Minneapolis showed last week in Manhattan that it can develop a 3-lb. thrust, run on most liquid fuels. And to prove his pulsating-type engine's no fire hazard, William L. Tenney, Aeromarine president, held his handkerchief (above) in the exhaust stream. The unit, with reed-type valves its only moving parts, is started by injecting a fuel charge with compressed air from either a tire pump (left) or tank, then igniting it with a spark plug.



A delightful evidence of MARYLAND hospitality, this fine beer is, as one would expect, rather costly but considered well worth the price.

IN LIMITED QUANTITIES

NATIONAL
Premium
BEER

by the
NATIONAL BREWING COMPANY
OF BALTIMORE IN MARYLAND

DESIGNERS OF UNIQUE INDUSTRIAL PAPERS

Pioneers and Convertors of Custom-Made papers for industrial applications. Complete quality control from pulp to final paper product.

A highly diversified range of Industrial papers including such specialties as Electrical; Flame Resistant; Anti-Tarnish; Plasticized; Wet Strength; Grease and Water Resistant; Waterproof; Creped and Crinkled. Write for free book, "Industrial Papers—The New Production Answer."





CENTRAL PAPER COMPANY INC.
2462 Lakeshore Drive • Muskegon, Michigan

OFFICES IN:
BOSTON, NEW YORK, BALTIMORE, BUFFALO, CLEVELAND,
DETROIT, CHICAGO, ST. LOUIS, SAN FRANCISCO

ELJER    

 ELJER   

  ELJER   

  ELJER   

  ELJER   


  ELJER   

  ELJER   

  ELJER   

  ELJER   


  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   


  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   



  ELJER   

  ELJER   


  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

  ELJER   

SINCE 1907

ELJER

FINE PLUMBING
FIXTURES

FACTORIES AT
FORD CITY, PA.
SALEM, OHIO
LOS ANGELES, CALIF

Boats, More Boats

Pleasure craft builders base new designs and prices on improved materials, techniques. Mass production is the key.

Deep-water yachtsmen noted with more than passing regret the recent announcement that two of the nation's most illustrious yacht builders, Lawley's in Neponset, Mass., and Herreshoff's in Bristol, R. I., have succumbed to the times.

The passing of yards such as these, where luxury craft for a select trade have long been built, is attributed in part to the lack of customers with bankrolls of a size to purchase and maintain such playthings. But another factor of great importance is the development of revolutionary boat-building techniques which have brought many aspiring newcomers into the field.

• **New Techniques**—The war turned the small boat industry topsy turvy, but ultimate results appear all to the good. For, among other things, it:

(1) Introduced millions of servicemen to the potential joys of boating.

(2) Brought innumerable new firms into the industry, and their production know-how is considerable.

(3) Proved out new mass-production techniques and new materials such as plastics, plastic-bonded plywood, aluminum.

• **Big Demand Foreseen**—Optimists believe this all adds up to the promise

of better boats at lower cost for more buyers than ever before. And they cite such other favorable factors as creation of artificial lakes and improved river navigation incidental to the government's flood control and power program, deterioration of boats tied up and laid up during the war, and export demand by boatmen abroad who have been impressed with the wartime performance of American craft.

The Coast Guard figures that the country has some 377,000 motor boats and yachts. There is some disagreement with this figure in favor of the industry estimate of 230,000, valued at \$1,610,000,000. As for future sales, the Dept. of Commerce has estimated the 1946 market at \$20,000,000, more than three times the 1940 level.

• **Wood or Plastics?**—Larger craft, the industry agrees, will continue in the main to be custom built. Smaller boats for inland lakes and protected harbors will incorporate many mass-production techniques. Opinion on use of plastics and plywood varies.

Gar Wood Industries, Inc., for example, will use both for trim and decorative works, and for some structural members. It will stick to wood for hulls, however, on the ground that repairs are easier.

On the other hand, Winner Mfg. Co., Trenton, N. J., is producing a 10-ft. craft for use with outboard motors that weighs about 150 lb. and is of laminated "sandwich" construction, with two outer layers of lightweight duck, a low density core of sisal fiber matting, and an inner layer of heavy duck. The "sandwich" is impregnated

THE AMERICAN APPRAISAL COMPANY



Valuations
Property Records
Depreciation
Studies

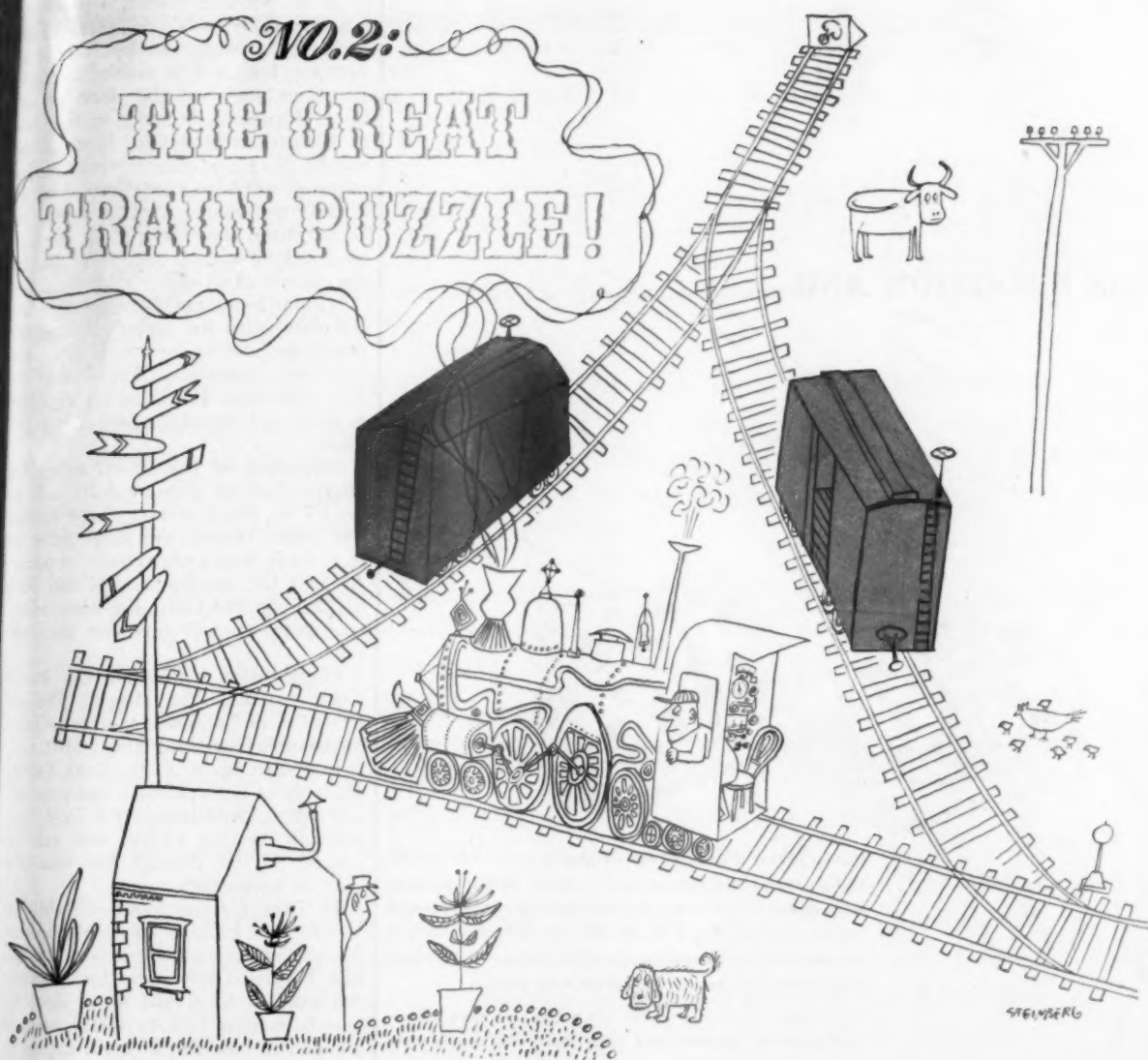
Established 1896



CIRCUIT-RIDING TO SHOW ITS STRENGTH

First of a new and—its makers hope—a long line of diesel electric locomotives emerged last week from the shops of Ingalls Shipbuilding Corp., Pascagoula, Miss. Symbolizing the partial conversion of the company from all-welded ships to locomotives (BW—Nov. 10 '45, p. 54), the 58-ft., 1,500-hp. unit is off on a tour of railroad centers to demonstrate its avowed versatility as dependable motive power for freight, passenger, and switching service.

NO. 2: THE GREAT TRAIN PUZZLE!



The problem: Switch the positions of the two freight cars — and don't trap your engine on the spur.

Ready? Give her the throttle, Casey, old 99 is due back at the yards exactly three minutes from now.

There's a moral to this little puzzle: Even the simplest switch-over often calls for some sharp figuring by the man at the throttle.

In the intense competition that now confronts you, sharp figuring on costs and equipment — and speed in the switch-overs — may make the difference between profit and loss, a market or a muddle.

For instance: In your plant, turning may account for 25 per cent or more of machining time. Probably this could be substantially reduced by the efficient use of carbide cutting tools which remove metal 200 to 500 per cent

faster. There are cases in our files of savings of hundreds of dollars a month in the manufacture of a single part by the use of Jones & Lamson machines designed specifically for the most efficient use of these tools.

It will pay you to check now on the production efficiency of all metal turning equipment in your plant — and to replace it, if need be, with good War Surplus Machines or new machines.

In this we are prepared to help you. Simply telephone or write today, and a Jones & Lamson engineer will be glad to consult with you on any phase of your tooling or production problems.

Or send for our book, "Welcome to You and Your Problem," for a quick glance at the facilities of the oldest company of machine tool builders in America.



JONES & LAMSON

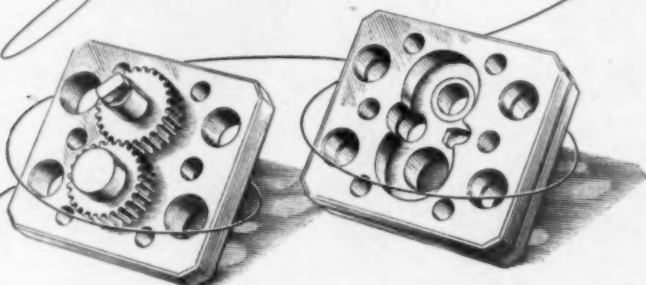
MACHINE COMPANY

Springfield, Vermont, U. S. A.

Manufacturer of: Universal Turret Lathes • Fay Automatic Lathes • Automatic Double-End Milling and Centering Machines • Automatic Thread Grinders • Optical Comparators • Automatic Opening Threading Dies and Chasers • Ground Thread Flat Rolling Dies.

UNIVERSITY OF MICHIGAN LIBRARIES

MASS PRECISION AND



Nichols neither discovered nor developed nylon. Yet, without Nichols, the beauty, strength and durability of this fine, man-made thread (which excels silk itself) might never have stormed the mass-market. For, it was Nichols who produced the first successful DuPont nylon pump. And, it is Nichols who now produces with mass precision all DuPont nylon pumps.

To engineers, these mechanical "silk worms" are more miraculous than the filaments they spin. Built with unbelievable accuracy, of the toughest kind of steel, batteries of these Nichols-made pumps work submerged in molten polymer at temperatures hot enough to soften armor-plate. Even at pressures 10 times greater than those of standard rayon pumps they work continually at their task of extruding mile upon mile of this beautiful thread.

Thus, through mass-precision methods, does Nichols help DuPont achieve mass-precision in the production of nylon itself.

Because Nichols knows how to make the "impossible" in metal components and complete assemblies—let Nichols show you how little mass-precision can cost in your own manufacturing. Send for our booklet "Mass Precision". It shows what we have done for others and indicates what we can do for you.

W. H. Nichols & Sons, 48 Woerd Ave., Waltham 54, Mass.

"Accurate"

Nichols



PRECISION ENGINEERING AND MANUFACTURING FACILITIES FOR MASS PRODUCTION

with a

• Sectional Hull—

be used by some instances hulls will be in others they will be. Typical of the line of Richardson Boat Company, Wanda, N. Y., "tomorrow" will have ft. and will range included, from about for the covered cockpit sedan cruiser to \$1,800 for the open cockpit utility craft.

Higgins Industries, New Orleans, elaborate plans for capitalizing on the peacetime boat business in financing troubles (BW-1 p21) interfered. But these are to delay, not cancel, Andrew Higgins' plans.

• **Adaptation of the PT—**Heading the Higgins line of pleasure craft will be the PT Jr., an adaptation of the famous war craft. Models will range from 26 ft. to 55 ft. with a wide choice of power. At least the smaller models will have molded plywood hulls. Big-name industrial designers will supervise the interiors.

Higgins also is invading the Pacific Coast market. The Higgins Pleasure Craft Co. of California expects to build or assemble everything from 104-ft. plasticized craft up to 55-ft. plank yachts, probably of both pleasure and commercial types. His cohorts say a 26-ft. boat normally costing \$4,500 will sell for around \$2,500 through his mass-production techniques.

• **To Stress Custom Work—**Established West Coast builders also are preparing for the anticipated expansion. In the San Francisco Bay area, for example, the score of small-boat firms, devoting anywhere from 35% to 100% of their energies to commercial craft, expect to continue their prewar emphasis on custom-built models, at least for a time. They feel eastern builders have a six-month headstart on them because of the later ending of the Japanese war, hence they must emphasize custom building's advantages over stock craft at least until they can get set up to turn out the latter line.

Puget Sound long has been a pleasure boater's paradise, and at last count, the Pacific Northwest had 44,196 small craft registered. New developments, new construction techniques, new styling, new designs are expected to make owners of many of these ripe prospects for improved or bigger craft.

• **In the Mass Market—**Electric Boat Co. (Elco) and Chris-Craft Corp., two of the biggest prewar builders of standardized types of small craft, are expected to continue more or less along conventional lines. Chris-Craft was in the mass market before the war with a 16-ft. runabout having a 60-hp. engine and costing around \$1,000.

THE LOAN TO BRITAIN

What It Means To American Business



Congress will chart the future of U. S. trade when it decides the fate of the British loan. For the loan is the keystone without which the World Bank and Fund and the proposed International Trade Organization cannot stand secure. And all are essential if trade is to revive on the broad and general base required for economic and political stability.

The distorted and inflated trade pattern born of the war is passing. But the crying needs of a world half impoverished cannot serve as the new index of demand. For the war left Britain, much of Europe and Asia neither gold nor goods to exchange for help that the U. S. can now afford. To the U. S. and Britain the times pose a choice and a challenge: either restore a free market by means of the U. S. loan to Britain, or further intensify already existing restriction and control to develop separate trade blocs. The political consequences of the latter course during these troubled days are obvious. Not so obvious is its potential harm to U. S. business. For a poor record as an importer coupled with a tradition of free competition alien to the effective use of widespread business controls could not but weaken U. S. bargaining power in such a world. It is in the direction of free and multilateral trade that the best interests of U. S. business lie. For an expanded export trade can add to the stability of employment while creating markets for war-enlarged industries and such agricultural surpluses as cotton and tobacco. On the ledger's other side, imports from many lands can yield the U. S. a better production and living.

We risk \$4,400,000,000 in the endeavor to put trade on the right track—\$140,000,000 annually when paid back with interest over 50 years. Within the present tax structure, \$140,000,000 involves another \$169 annual charge against each corporation having a net income of \$100,000, and \$6.94 for each person with an income of \$10,000. If the loan pays off, the real return will be worth many times these sums. In this regard history can assist with two lessons: an economic system of the type the U. S. wishes must have someone who is a lender, and no loan is ever made without risk to the creditor.



THE LOAN TO BRITAIN

WHAT IT MEANS TO AMERICAN BUSINESS

PREWAR BACKGROUND

To understand the U.S. position on the credit to Britain, one must go back to the drastic change in the organization of world trade that occurred in the thirties. The depression cut trade volumes very seriously. In the general exchange mixup that followed, most countries went off the gold standard and began to build barriers against imports, while a number also manipulated the exchanges to encourage sale of their goods abroad.

A regular arsenal of protection was constructed. In addition to tariffs it came to include quotas, which limited the import of a commodity to a fixed quantity; subsidies, with which the home producer was able to surmount any outside competition; and a wide variety of exchange restrictions. In other instances cartels, both private and public, limited production and investment, divided markets, and set export quotas.

By drawing on all or part of these weapons, various countries were able to balance their foreign payments and obtain a temporary boost in employment. On the other side, the restrictions had reduced the value of world trade by about one-third by 1938 as compared with a decade earlier. They had also resulted in some of the larger countries gathering to themselves a network of economic satellites. The position of Germany in this regard is well known. Less publicized is what happened in a more quiet way with Britain.

In 1931 Britain passed a general tariff act which increased import duties so that over the next few years they comprised 26% of the total value of imports. At the same time quotas were placed upon certain agricultural products for which tariffs were considered inappropriate. Moreover, the tariff and quota agreements were so rigged under the "Empire preference" scheme that they effectively barred or limited shipments from other than Empire countries.

The result was a drop in British trade and a considerable reorientation as to markets. The value of British exports fell by more than one-third between 1928 and 1938, but shipments to the Empire declined much less than those to other areas. At the same time the British actually increased imports from the Empire while cutting their intake from the rest of the world by a third. Here are the figures (in millions of dollars):

Merchandise Trade of Great Britain

| | Imports | | Exports | |
|---------------------------|---------|---------|---------|---------|
| | 1928 | 1938 | 1928 | 1938 |
| With Empire countries.... | \$1,390 | \$1,602 | \$1,574 | \$1,119 |
| United States | 866 | 548 | 228 | 101 |
| Europe | 1,866 | 1,235 | 968 | 670 |
| Rest of world..... | 1,087 | 776 | 734 | 387 |
| Total | \$5,209 | \$4,161 | \$3,504 | \$2,277 |

U.S. economic diplomacy is currently directed to slashing the controls which now shackle trade and to preventing the world from drifting into a situation similar to the thirties. The International Bank and Fund, as well as the proposed Trade Organization, are all part of the plan, which has as its goal an expanding trade of a multilateral character. If this goal is to be realized, the adherence of Great Britain is essential. For if Britain were to pursue its prewar course, and Russia persists in its present policy, little of the world will remain to work with the U.S. But the difficulty, as seen by most authorities familiar with the facts, is that Britain cannot return to unrestricted trade for some time (if ever) without a sizable credit from the U.S.

BRITAIN'S CHANGED POSITION

The conviction that Britain needs a loan if the nation is to relax trade controls stems from an analysis of that country's changed balance of payments position as a result of the war. Prior to the war Britain's international balance sheet ran as follows (figures in millions of dollars):

| | |
|---|---------|
| (1936-38 average) | |
| Imports retained | \$3,490 |
| Exports of United Kingdom produce..... | 1,922 |
| Excess of imports over exports..... | 1,568 |
| Net government payments overseas..... | 28 |
| Total: Overseas payments not covered by exports.... | \$1,596 |
| Overseas income other than exports: | |
| Net shipping income..... | 423 |
| Net income from overseas investments..... | 818 |
| Short-term interest, commissions, insurance, etc..... | 149 |
| Other receipts, including net silver exports..... | 33 |
| Total | \$1,423 |
| Leaving an annual deficit of..... | \$173 |

A few simple facts stand out clearly in this prewar picture:

(1) Britain imported almost twice the total of its exports.

(2) Almost half of its surplus of imports was paid for by exchange arising from income on capital investments held in other countries.

(3) Another fourth of the import surplus was financed by exchange received for shipping services (with a further small amount coming from insurance, commissions, etc.).

Let's examine the evolution of each of these broad categories during the war. First note the figures on exports and imports which reveal that Britain's trade deficit increased two and one-half times between 1938 and 1944, with the value of imports in 1944 jumping to half again what they were in 1938, while the value of exports slid downward almost 50%.

The following table (with figures in millions of dollars) tells the story:

| Year | Retained Imports | Exports of U. K. Produce | Imports Surplus |
|------|------------------|--------------------------|-----------------|
| 1938 | \$3,458 | \$1,898 | \$1,560 |
| 1942 | 3,994 | 1,092 | 2,902 |
| 1943 | 4,945 | 939 | 4,006 |
| 1944 | 5,235 | 1,040 | 4,195 |

But the table does not tell the complete story, for the figures include substantial price changes as well as shifts in volume. As a matter of fact, the volume of imports actually decreased by one-fifth, with Britain paying prices 91% higher in 1944 than in 1938. On the export side total shipments plunged to less than a third of the prewar volume, with prices climbing 78%. The British emphasize that this radical shift in their trade

The Happy and Turbulent Eras in World Trade

Pre-World War I was the Happy era for world trade. As manufacturing increased, it carried trade with it. Britain and western Europe shipped industrial goods and capital to the new world and took back raw materials and foodstuffs in payment. Busy within its own borders, the U. S. had an expanding industry to show for its debt and had begun to step up industrial shipments abroad.

Britain was the financial center, with export-import houses of all nations maintaining balances in London. Maladjustments in the payments balance seldom proved serious and the Bank of England's discount rate was the key for turning on the simple mechanism of correction.

World War I altered all this. Its revolutionary changes left a heritage of turbulent instability. Reparations were employed by Britain and France to pay war debts to the U. S., then a reluctant creditor unwilling to assume the responsibilities thrust upon it. British and European traders met competition from newly industrialized rivals in a world grown smaller by the U.S.S.R. inclosure. Inflation, with its inevitable successor deflation, altered price structures and destroyed old exchange relationships.

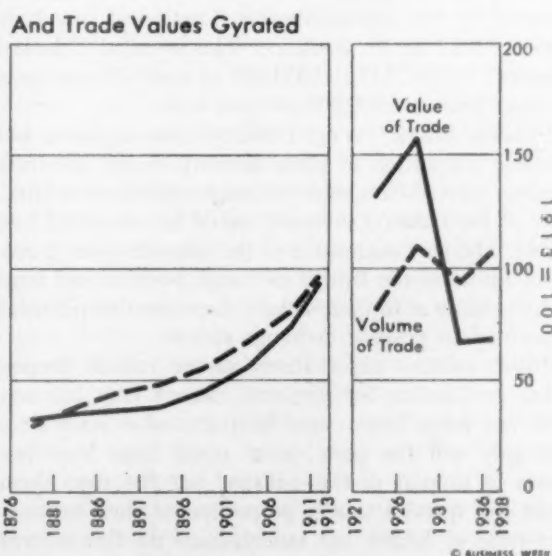
In spite of the war's legacy, the world successfully struggled toward an orderly economy, and by the mid-

twenties trade once again marched forward in step with industrial output. But events in the U. S. were soon to disrupt the recovery. The precarious exchange balance of many countries had come to depend on U. S. lending. Then, in 1928 this country cut its capital export. The effect on the exchanges was soon apparent and gold streamed west.

Even more damaging was the depression. The drop in U. S. buying induced similar action around the world. Not only did trade volumes fall off, but a drastic price decline worked additional hardship on raw material and foodstuff producers. Equity values in the homelands of these producers declined and lending almost ceased.

Many nations sought relief through restrictions on trade and exchange. Britain and the sterling area in particular moved to insulate themselves from the damage they felt the U. S. had done them. They succeeded in restoring employment at home, but trade proved a casualty.

Most countries today will choose security of employment over the advantages of trade. That is why Britain, worried about U. S. ability to maintain reasonably full employment, would prefer to hang on to Empire preference while moving gingerly into multilateralism. The terms of the loan, however, leave it no choice.



balance was the result of deliberate policy. They chose to divert manpower from export industries into the armed forces or the production of armaments, leaving their Allies to concentrate on industrial production at the expense of fighting manpower.

Britain's income from foreign investments also has been cut sharply. Prior to lend-lease Britain entered into heavy commitments for war material and supplies, particularly in the U. S. To finance these the country used its gold liberally (at one time the August, 1939, reserve of \$2,455,000,000 had dwindled to \$12,000,000!), sold some investments abroad, and began to construct an elaborate structure of exchange controls that imprisoned within Britain a large proportion of the funds paid to non-lend-lease countries for imports.

Britain's overseas investment was valued at \$22,900,000,000 at the outbreak of war. Altogether it disposed of securities for which it realized \$4,500,000,000. Many of these were among the most profitable, and they may have accounted for approximately one-third of Britain's prewar income from foreign investments. Moreover, British assets in war zones (which are estimated to have had a value between two and three billion dollars) undoubtedly suffered heavy damage. Offsetting these factors in part is the relatively high profit anticipated in the next few years from investments in the Americas and other areas where industry was physically undamaged and will be operating at a record peacetime pace.

Investment Income Will Continue Low

What this all adds up to in terms of postwar income from investments abroad it is almost impossible to say. In 1945 net receipts from such investments were about half the average for 1936-1938 (\$390 million last year as against \$818 million in the earlier period). For what they are worth, most guestimates project this sum unchanged over the next several years or, at the maximum, increase it to two-thirds of the prewar norm.

Britain's international accounts have been further worsened by the accumulation in London of very large accounts held by its creditors. The so-called "blocked balances" totaled \$13,100,000,000 in mid-1945 and now are more than \$14,000,000,000 (see box).

"Blocked balance" is not a strictly accurate phrase, and a sizable proportion of these accounts never will leave London. Nevertheless, once exchange controls were lifted, some of the balances certainly would be converted into dollars. The very magnitude of the balances poses a continual threat to the British exchange position and some understanding as to their orderly disposition or retention is essential to postwar exchange stability.

British military expenditures abroad (which become claims on London for payment) cannot help but continue very large. Troops must be quartered in many areas. Not only will the government make large local purchases in support of the military, but the men themselves will spend a sizable proportion of their incomes. The total of British net indebtedness on this account may be as high as a billion dollars in 1946 alone.

Those Blocked Balances

Britain has a headache in the 14 billion dollars piled up by foreigners in its banks. This is almost four times the sum that foreign traders and the Empire's central banks lodged in London before the war.

Deposits have accumulated because the British Army and its soldiers spent money wherever they fought, and the government paid for supplies from all over the world. Only Canada and the U. S. gave gifts in the form of lend-lease.

Most countries (including Ireland) probably are surprised to awake to the fact they really lent their supplies and services. They couldn't spend their windfall either at home or in Britain. The goods just weren't available. And British exchange control kept them from buying dollars. So they left the funds in London credits.

Now the total is so large that Britain has no choice but to negotiate a reduction and arrange to pay off over a long period of time.

Battle areas like India, Egypt, and western Europe hold the largest deposits, but the rest of the sterling area is also a big creditor as this record (with figures in millions of dollars) reveals:

| | Amount of Sterling Balance* |
|------------------------------------|-----------------------------|
| India | \$4,465 |
| Egypt | 1,598 |
| Eire | 718 |
| Australia | 473 |
| Rest of sterling area..... | 3,387 |
| Total of sterling area..... | \$10,641 |
| South America | 565 |
| Liberated European Areas.... | 1,217 |
| Rest of World..... | 689 |
| Total nonsterling area..... | \$2,471 |
| Grand total | \$13,112 |

* These figures are for June 30, 1945, the most recent available.

Britain will take the line that many of these countries should write off a considerable proportion (perhaps more than one-fourth) of their balances as a defense contribution. Certain parts of the U. S. may let out a howl when the subject is brought up. But they shouldn't. The size of the U. S. loan was based on our insistence that the balances be scaled down and refunded over time (maybe 50 years).

Britain would have preferred to borrow more from us so as to pay off a larger proportion than is now likely to be possible. The U. S. refused and is making the British be tough. For they can't make payment on the U. S. loan and refund the whole of these huge credits at the same time. U. S. traders also want Britain to be tough. The balances must be worked out in trade; so they give British exporters a first option on many markets. The smaller the option the better for the U. S.

Prior to the war Britain operated almost a third of the world's merchant shipping. Its net receipts on shipping accounts averaged \$423 million annually, and they included exchange with almost every area of the world. Many British ships never saw an English port, but spent their full lives knocking around the Orient.

Today Britain has about three-fourths the tonnage it possessed in 1939 (16 million deadweight tons as against 22 million). Over the next several years heavier utilization and higher freight rates may net this smaller fleet as much as did the larger. It is over the longer pull that Britain's shipping may show a declining net. The British have two causes for concern on this score: the 56 million tons of merchant shipping now owned by the United States, and the newly constructed shipbuilding facilities in Canada, Australia, India, and South Africa.

Long-Range Problem: To Expand Exports

The war has thus torn asunder the balance that Britain painstakingly achieved in its international payments after the last war. Its exports have declined two-thirds; income from foreign investments is halved; the nation is faced with a possible decline in shipping revenues; balances totaling close to \$14 billion (six times the annual prewar export) have accumulated and will bid heavily for scarce exchange when freed; and military expenditures outside the homeland continue to be heavy. How will the British pay for imports?

One obvious answer is to cut imports. But Britain is neither the U.S. nor Russia. It learned more than a century ago that food imports were essential if living standards were to be raised above a bare minimum. Even its exports contain 15% to 25% of imported raw materials. It lacks most nonferrous metals; it grows no textile fibers; its wood pulp is limited. The country has coal, but it imports iron ore; and after a century and a half of exploitation the quality of domestic basic resources is not what it once was.

Ideally Britain should import more than it did in the thirties. At the same time, however, it must be prepared to pay considerably more for the same goods than in 1939. This would not be so bad if export prices rose in the same proportion. But over the near future, this is not likely. In 1944 import prices stood 91% higher than in 1938 as against an average export price increase of 74%.

Britain's long-range problem is obvious. The nation must export more than it ever did in the past. The British themselves estimate that the volume of their exports must expand 50% over that of 1938 if they are to finance their prewar import volume, and that an export increase of about 75% is what they desire.

Today's Problem: How to Continue Imports

It is certain that the British can't accomplish their export task immediately. To a much greater degree than the United States, Britain needs to reconvert. More than half its gross national product was devoted to war, its workers, professional and administrative personnel were scattered and shunted to war jobs.

The process of reconversion will itself require time, capital, and imports. But even as the new goods come off the lines, Britain is running up against a further dilemma; the pentup domestic demand created by six years of hardship and extreme shortage. Faced with an avalanche of need and desire supported by purchasing power in the form of accumulated savings, British manufacturers are sorely tempted to work the easy domestic market and pass by the more difficult export field. At the moment the government is forcing production for export, and as much as half the automobiles, machine tools, and certain other capital goods produced go abroad.

Austerity can be practical only so far, however, as demonstrated by the outraged cries with which British housewives greeted the original announcement that even dusty-tasting dried eggs would disappear from British breakfast tables (they are costing 100 million scarce dollars). Gasoline imports may be cut, but the wheat, meat, cotton, and tobacco which up to recent months were financed by lend-lease and for which Britain does not now possess means of payment are absolutely essential.

WHY LEND?

Britain can solve its immediate problem in one of two ways: obtain a loan from the United States (and perhaps other countries) which will fill the gap in its balance of payments until exports can take over; or become as self-sufficient as possible while working out special trade deals with other countries, largely within the Empire, by which the latter agree to continue shipments on credit and to take British exports as they become available in return for a large and stable market in Britain for their own goods. If Britain once embarks on the latter course (and it would only be resuming the policy of the thirties), the die is undoubtedly cast and the likelihood that the world would return to free exchange and multilateral trade arrangements is dim indeed.

On the contrary, once Britain started to sew up certain world markets, the United States would probably feel it necessary to pursue a similar course in self-defense. The world thus would come to be divided into separate economic blocs: U.S., British, and Russian. The steps the United States has made toward world economic co-operation through the Bretton Woods agreements would be nullified. The consequences, both political and economic, do not need to be spelled out.

Not so obvious is the probability that the U.S. would be in a weak bargaining position if trade came to be the end result of bilateral bargaining. Britain (even more than Russia) would hold a strong hand in such negotiations. Britain is a large and stable importer of a wide variety of products produced in many areas, accounting for 17% of the world's total imports in 1938. The U.S. is a smaller and less reliable importer of fewer products; it took a tenth of the world's total in 1938. Britain thus would have a larger quid to offer for a quo.

Britain also would most likely nationalize her foreign trade, conducting this activity through state-owned import and export houses. If trade were not nationalized, it

would, at least, be rigorously controlled. In the U. S., on the other hand, the tradition of free enterprise is so strong as to rule out state-managed trade. There is little doubt that a monopolist is a better bargainer, and when it holds Britain's high import and Empire preference cards, it stands to win many a game.

Because the President believes the U. S. has more to gain both economically and politically in a world of relatively free exchanges and (it is hoped) growing multi-lateral trade, he has proposed a line of credit of \$3,750 million upon which Great Britain can draw as it sees fit until the end of 1951, plus a further credit of \$650 million to cover the final settlement of lend-lease and other claims arising out of the war. The latter action involves writing off the books altogether a net of approximately \$17 billion of lend-lease given to Britain during the war (total lend-lease to Britain probably ran between \$21 billion and \$22 billion, but this was offset in part by \$4 billion to \$5 billion of reverse lend-lease). The winding up of lend-lease removes a large uncertainty that might otherwise have proved a source of constant irritation to the international economic body.

BRITAIN'S QUID PRO QUO

An impression exists within the United States that this country is "practically giving the money away." In Great Britain the impression appears to be exactly the opposite, and the London Economist retorts that opinion is divided between those who regard the loan as a necessary evil and those who regard it merely as an evil.

As a matter of fact, the U. S. is receiving a good deal for its money, and Britain is being helped out of a tight spot on terms that on balance appear reasonable indeed:

(1) The rate of interest is 2%—but not to start until 1951 and waived in any year that Britain's balance of payments will not permit the same volume of imports as in 1938 (providing other creditors grant like waivers).

(2) The British agree to establish immediately for U. S. citizens a free exchange market for all current transactions with the United Kingdom.

(3) Beginning one year after the loan takes effect, the British will toss out all other exchange controls on current transactions.

(4) If any import quotas are necessary, neither country will discriminate against exports of the other.

(5) The British agree to line up with the U. S. in developing a broad program for reducing or eliminating trade barriers throughout the world.

(6) The British will not give any other creditors terms better than those which the U. S. has accorded.

(7) The British will make arrangements for early settlement of the large accumulated sterling balances.

Many people in Britain are piqued about the requirement that they pay interest, which they consider crass commercialism in a situation calling for statesmanlike altruism. But the real worry of those who understand the matter is the agreement to do away with exchange restrictions in the relatively short space of a year. These restrictions have been the instruments for regulating

imports and rationing dollars throughout the war period.

Although the terms of the agreement provide that the British can continue restrictions on balances accumulated up to the date of the establishment of the free exchange market, it is argued that the removal of controls is precipitate and that a wiser course would have permitted a more gradual liquidation.

The British are uneasy at being so abruptly thrust into the sea of multilateralism. They would have preferred to wade in slowly on their own volition. And if the water proved too cold or too deep, they could return to ground which, after all, proved reasonably comfortable in the thirties. As it is, they feel themselves committed by force. They would have preferred to persuade themselves and they felt that the Bretton Woods agreements (which permitted a gradual relaxation of exchange controls) would have permitted them to do this.

IS THE LOAN BIG ENOUGH?

Britain's concern over the speedy relaxation of exchange controls is tied to its fear that the loan may not be large enough. It is no secret that the British negotiators came to Washington wanting at least \$5 billion and hoping for \$6 billion. They got \$4,400,000,000 including \$650,000,000 for settling lend-lease. Will this be sufficient?

No precise answer is possible. For any answer involves a forecast of each of the items in the British payments balance for a period covering several years. It generally is assumed Britain will expend the U. S. loan by 1949 and hope to achieve something close to a balance by that time. The largest deficit is expected in 1946. One estimate for 1946 formulated by economists who have studied the problem runs as follows (figures in millions of dollars):

| | | |
|--|---------|---------|
| Imports | \$5,200 | |
| Exports | 2,800 | |
| <hr/> | | |
| Import surplus | | \$2,400 |
| Service items | | |
| Income from overseas investments..... | \$425 | |
| Shipping | 450 | |
| Insurance, commissions, etc. | 100 | |
| <hr/> | | |
| Total | | 975 |
| <hr/> | | |
| Net payments on commercial account..... | 1,425 | |
| Plus: Overseas military expenditure..... | 1,000 | |
| <hr/> | | |
| Total deficit | | \$2,425 |

This assumes a volume of imports equal to that of 1944 but still a fifth lower than 1938; a four-fifths increase in exports from 1945; net income from overseas investments slightly higher than 1945 (but about half the pre-war return); shipping income about equal to that of pre-war days; and insurance, commissions, etc., slightly lower than the prewar period. Moreover, it assumes no refunding of sterling balances.

The deficit on current account will grow smaller after 1946, its size depending in large measure on the unpredictable extent of the pickup in exports and the extent

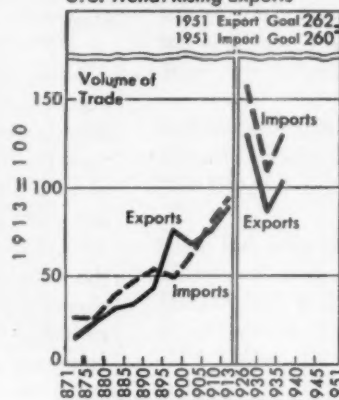
The U. S. and Britain—An Economic Contrast

U. S. exports ran in a sharp uptrend until 1929; thereafter, foreigners' ability to pay sagged far below their need for our goods. Britain's exports, however, have been falling steadily since 1913. So, postwar export goals mean an acceleration of the U. S. long-term trend, but a reversal of Britain's. U. S. imports, mainly industrial materials, are geared to factory activity, hence are slated for a sharp postwar boom; Britain's, mostly foodstuffs and other goods for domestic consumers, tend to rise gradually, along with standards of living.

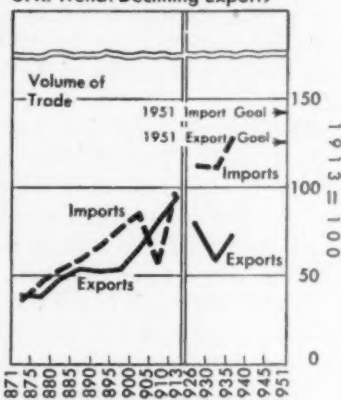
Traditionally, we sell more than we buy; whereas Britain buys more than it sells (a fact expressed in the makeup of the charts). We finance extra exports with capital loans, while the British pay for extra imports with "services." But Britain's service income has been cut by the war—shipping reduced, investments liquidated, debts contracted; and what income remains will buy less, because prices are up; hence the British must expand exports to pay for imports (and the loan is proposed to finance them until they can do so).

We greatly outproduce Britain. But postwar estimates of U. S. and U. K. capacity to produce also agree that our gain over prewar levels can far exceed Britain's because (1) our prewar unemployment was relatively larger, (2) our labor force is growing while Britain's is stable, (3) our output per man is increasing faster. Hence, while we wonder whether export (and other) markets will suffice to absorb our output, Britain wonders whether its output will suffice to meet both export and pentup domestic demands.

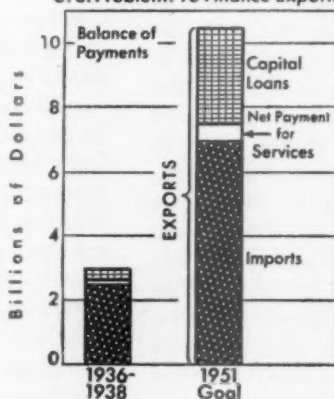
U. S. Trend: Rising Exports



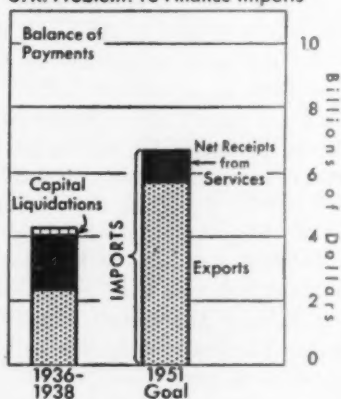
U. K. Trend: Declining Exports



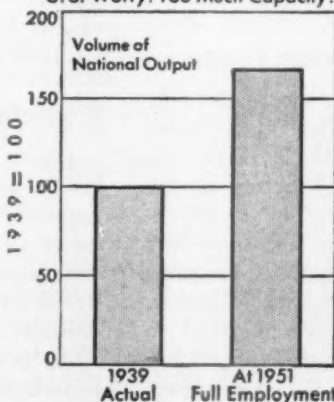
U. S. Problem: To Finance Exports



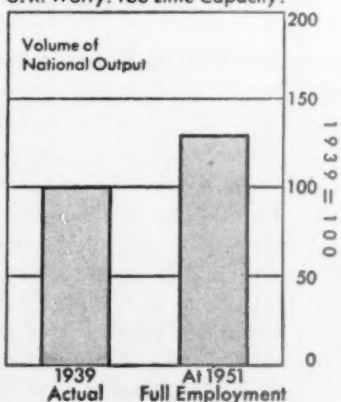
U. K. Problem: To Finance Imports



U. S. Worry: Too Much Capacity?



U. K. Worry: Too Little Capacity?



Data, League of Nations.

© BUSINESS WEEK

of military expenditures abroad. Most estimates place the total deficit on current account at approximately \$5 billion for the three-year period 1946 to 1949, with imports rising to the 1938 volume in 1948. A further, but much smaller deficit is possible for the 1949-51 period. (This was the estimate of the British themselves.)

But the deficit on current account makes no allowance for a refunding of the accumulated sterling balances. Nor does it provide for any British loans abroad (and Britain already has pledged modest sums to China, Greece, and France for rehabilitation).

Against its final deficit of more than \$5,000,000,000

Great Britain may obtain between \$5,550,000,000 and \$5,950,000,000. This total includes the U.S. loan of \$3,750,000,000, a loan from Canada which amounts to \$1,200,000,000, possible borrowing from the International Fund which might run between \$600,000,000 and \$1,000,000,000. (Other countries will have a prior claim on the dollar resources of the International Bank, and it is not believed Britain will request dollar credit of that institution.)

In addition to this total, gold and dollar reserves that now stand about \$1,800,000,000, but which subscriptions to the Fund and the Bank will reduce by \$200,000,000, are available in an extreme pinch.

Since Britain will try to hold on to its gold and dollar reserves, the World Fund may bulk large in its calculations. The British quota in the Fund is \$1,300,000,000, and London is permitted by the rules to borrow up to this amount in the currencies of other countries.

However, the rules of the Fund will permit Britain to borrow only \$325,000,000 in any twelve months. It is unlikely that the Fund will allow London to borrow dollars (which is what it will need) before the U.S. line of credit has been exhausted—in, perhaps, 1948, or it may be 1949. As a practical matter, moreover, the rules of the Fund would, under certain circumstances, require Britain at the end of the year to use its gold or exchange reserves to reduce the amount it had borrowed during the year. By 1951, therefore, the maximum the British are likely to obtain from the Fund is \$1,000,000,000, and they probably will have to be content with much less.

By borrowing from the Fund, Britain probably will be able to balance its accounts. But little leeway is left for refunding accumulated sterling balances except through agreements to work them out in the form of larger British exports. The U.S. therefore has a real stake in the orderly settlement of these short-term debts.

Exports Are Key to Britain's Economic Future

The economic future of Britain is in the hands of its exporters. On the export volume will depend the quantity and quality of British imports, and the latter, in turn, will affect profoundly the economic structure of the country. For Britain will subsidize and otherwise encourage uneconomic agriculture and manufactures only to the extent required by its inability to obtain exchange for the purchase of such products elsewhere. Moreover, Britain's continued support of a program designed to promote multilateral trade through economic cooperation will depend in large measure upon how the program pays off in expanded exports. If the export volume does not match that which might be obtained by bilateral bargaining, the British may be expected to forsake the present policy after 1951, just as they did in the early thirties.

British exporters face a tremendous task of expansion. The opening up of the continent which followed V-E Day enabled them to get started, although slowly. The record on export volumes for the first nine months of 1945 compared with the same period in 1944 (the war-

time low) looks as follows. (These indexes also make comparison with 1938 by using that year as 100.)

| | Jan.-Sept. 1944 | Jan.-Sept. 1945 |
|-------------------------------|--------------------|--------------------|
| Food, drink, and tobacco..... | 30 | 79 |
| Raw materials | 7 | 10 |
| Manufactures | 33 | 42 |
| Total exports | 29 | 42 |

These figures camouflage the full magnitude of the export problem. For during the war the exports that Britain must rely on in peacetime trade declined more than the average. Coal shipments the first nine months of 1945 were 6% of the comparable 1938 volume; iron and steel and their manufactures, 25%; cotton goods, 34%. There are some exceptions. Machinery exports in the same months of 1945 were 45% of the 1938 figure; chemicals, with fewer reconversion problems and an easing of military demand, were shipped abroad in a volume equal to that of prewar days.

Britain Has Markets—For a While

Britain will not lack markets, providing those sections of the world that need its goods can pay for them. Shipments to western and northern Europe (which furnish the British with foodstuffs and raw materials) are starting to recover. Exports to the Empire, of course, declined less during the war than those to other areas (they were two-thirds of the total in 1944 as against one-half in 1938), so their expansion today is at a slower rate. Here are the figures (in millions of dollars):

| | 1944 | 1945 |
|----------------------------------|---------|---------|
| Exports to Empire countries..... | \$684 | \$862 |
| Exports to other countries..... | 373 | 724 |
| Total | \$1,057 | \$1,586 |

Of special interest to U.S. traders was the British wartime record in South America, where the value of exports for January-September, 1945, for example was less than half that of the same period in 1938.

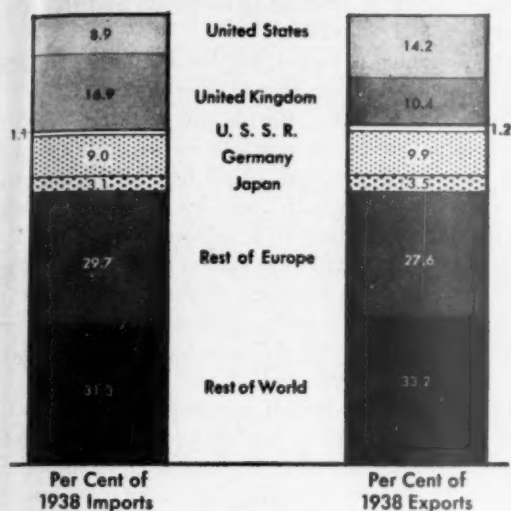
Production Is the Problem

The export experience since V-J Day is varied. November-December totals were approximately the same as September-October, despite a drive for a very fast start by forced diversion of output from domestic markets. However, January-February shipments rose markedly, and the British are striving to maintain this stepped-up pace. The difficulty is one of production, with output of automobiles, textile machinery, bicycles, radios, and some other manufactures lagging behind schedules. On the other hand, producers of chemicals, locomotives, machine tools, and aircraft appear to be doing well.

For many lines the job is reconstruction as well as reconversion. Physical destruction in Britain totaled \$6 billion (including four million houses destroyed or damaged and damage to much industrial plant), while the cost of deferred depreciation and obsolescence which crept over the whole industrial machine is put at \$3½ billion.

Before the war, coal, textile, and steel products ac-

WHO DID THE WORLD'S TRADE



counted for approximately one-third of the total value of British shipments abroad. Today these industries are counted upon to contribute both to a speedy recovery of British exports and to the maintenance of heavy shipments over the longer period when competition for markets again becomes tough. Except for steel, they aren't doing too well on the first leg of the road back.

Coal is being shipped out of the country at less than one-third the 1938 volume. The trouble again is one of production, with coal output falling nearly 400,000 tons a week short of production schedules. The same story may be told for textiles, with November exports little more than one-half the 1938 value (although the record after the first of the year gave evidence of improvement).

The steel picture is relatively brighter—about 1,200,000 tons were moved abroad in the final quarter of 1945. While this is only one-half the average 1938 rate, it is a great advance from the 188,000 tons of the first quarter. Here the problem is not so much use of existing capacity (production is 10% above the 1935-38 average), but the pressing need for home consumption as against exports.

Productivity Must Be Increased

Over the longer period, the achievement of British export goals, if they are to be realized under a system of free and multilateral trade, will depend in part on the success of government, labor, and management all working together to reverse the declining trend of productivity in these basic industries. Coal output per wage-earner was 245 tons in 1945 against 290 tons in 1938. In 1938 finished steel cost consumers 40% more than Americans paid for U. S. output, and this price differential has been further widened during the war.

The reasons for this productivity decline are complex. Some are economic and others are rooted in the socio-political structure of the oldest of democracies. Certain aspects are common to each industry: They are old, have not expanded in recent years, and the average age of

their workers has increased; unionism finally emerged triumphant from hard-fought battles for existence which left a legacy of featherbedding and an objection to change out of fear of jeopardizing security—the results being rules and procedures that hamstringing management which seeks to install innovations that might yield competitive advantages; and management itself has been complacent and satisfied to continue with obsolete production methods, organization, and equipment.

The British are tackling the productivity problem in a manner that seems strange to most Americans. They plan to nationalize the steel and coal industries and they will provide liberal financial assistance to textile producers. They argue that private enterprise did not do the job before the war, and conditions are such that it can't do the job now. New equipment and new methods of organization and management certainly are needed, and the present government is attempting to push both vigorously.

Behind Britain's immediate production woes and a factor in its long-term prospects is an inability to expand output generally in the manner that the U. S. now takes for granted. As the box on page 49 shows, it appears unlikely that total British output in 1950 can rise to more than a third above that in 1939. In the U. S., on the contrary, the national product could increase by three-fourths, providing reasonably full employment is the order of the day.

The most uncertain element in this long-range outlook is the matter of labor productivity. Over a long period productivity in the U. S. has expanded at an annual rate equal to 2% of the national product. With the war as a spark plug, this rate may be equaled for the decade of the forties. Statistics are not available for Great Britain, but the bulk of evidence points to a slower rise (14% per year is probably a maximum).

The World Industrializes

Wars invariably speed the process of industrialization and the most recent conflict was no exception. But what the end result will be for British (and U. S.) exporters once the first bloom born of war-accumulated shortages is plucked, no one can say. Trouble would be the answer if the world stood still. For many importing countries can now produce their own. But in the past the world has moved forward, and the historical record discloses that, except for war periods and the restrictionist thirties, a nation's imports (even of manufactures) have increased on an absolute basis as its home industry grew. Britain (and the U. S.) are removing restrictions in the faith history will repeat itself. If it does, British trade will increase, but its composition may change.

Britain's best customers within the Empire were South Africa, Australia, and India, in the order named. Canada, which bears a closer economic relationship to the U. S. than to Britain, was less important.

The largest wartime expansion of industry within the Empire occurred in Canada, whose output catapulted in 1943 to 269% of the 1939 level (it subsequently declined about 10%). A more modest expansion was realized in

India, South Africa, and Australia. Nevertheless, the double impetus provided by war demand for capital goods and an inability to import essential consumers' goods drove each of these countries to enlarge its production of those items which Britain formerly exported to them. Take a look at the increase in steel capacity (figures in thousands of tons):

| | 1938 | 1945 | % Increase |
|--------------------|-------|--------|------------|
| Canada | 2,095 | 3,533 | 69 |
| India | 977* | 1,285* | 32 |
| South Africa | 350 | 600 | 71 |
| Australia | 1,200 | 1,750 | 45 |

* Production.

In every instance Britain's export to the Empire of steel and products containing steel (such as machinery and vehicles) dropped greatly or was virtually eliminated. As a result each of the principal Empire countries now has flourishing young plants producing certain machine tools and specialized machinery, as well as more of the basic metal itself. A similar story could be told for textiles.

While Latin America has been a less important market for Britain than for the U. S. (and relatively, for Canada), the growth of industry in that area will have important repercussions for British exporters. Industrial production throughout the southern continent increased more than a fifth during the war. Moreover, these countries, with memories of their exchange and market problems during the thirties undimmed, are seeking more balanced economies. Progressive industrialization is one of their aims, and they will seek to offset a possible drop in world demand for their minerals and foodstuffs by encouraging the development of home manufactures, particularly of consumer goods.

THE LOAN AND U. S. TRADERS

U. S. business is not interested in promoting the socialization of British industry. Yet, contrary to popular opinion, failure to make the British loan will probably do precisely that. The Labor Government has already moved to nationalize the Bank of England and coal and plans to nationalize power, inland transport, and steel. The latter industry is in poor competitive shape but is essential to British trade. Without the U. S. credit, the export squeeze will be so great that efforts to improve output in these lines will be intensified, and if anything nationalization will be speeded up.

But what is more important, failure to make the loan will encourage those who have demanded socialization of all export-import business. The British already have this in part with bulk buying of many commodities by the government. At the least, the inevitable intensification of trade and exchange controls would be felt throughout the economy.

President Truman tells U. S. producers the credit to Britain is good business. His argument is simple: (1) The loan is necessary for an immediate expansion of world trade as well as for the early removal of trade barriers and exchange restrictions; (2) trade expansion is essential to the restoration of world prosperity; (3) a high and

stable world prosperity will involve a large trade volume (in the absence of artificial restrictions), and this is good business for U. S. traders.

The reasoning is logical, but the President could have added further evidence that is more concrete.

First, of course, the British will have \$3,750,000,000 which otherwise is not available for expenditures in the U. S. It is likely they will spend half of this directly in the U. S. The other half, spent for purchases elsewhere, spreads dollars to other U. S. customers.

Secondly, a year after the loan is ratified India, Egypt, Australia, and other members of the "sterling area" may spend freely all dollar exchange they obtain from current transactions. (Otherwise dollar exchange would be pooled and rationed between sterling area members.)

Third, since the British can import from the U. S., they will be less apt to undertake what are essentially barter arrangements, whereby they agree to import from a particular country providing that country will purchase a certain quantity of commodities solely from them (thus closing the market to U. S. exporters).

Loans Bolster U. S. Exports

It might be objected that the U. S. does not wish any additional demand because the needs of the world are so great that our exports invariably will be at record levels. Moreover, it may be added, a large export volume at this time will interfere with the fulfillment of domestic needs and merely put added pressure on prices. Let's consider these questions.

The world certainly wants and needs all the produce the U. S. can furnish it. But how are large parts of it able to pay? Latin America and certain other areas from whom the U. S. bought heavily during the war have sufficient funds. But it is Europe, Britain, and a large part of the Far East which have the most urgent need and upon whose recovery the future of trade largely depends. Little can be produced in most of these areas for immediate exchange and the only possibility of quick trade expansion is through outright gift or loan.

A glance at the percentage distribution of U. S. trade by areas in 1938 and at how the war changed it shows the importance of assisting old U. S. customers to get on their feet:

| | 1938 | 1st 7 Months of 1945 |
|---|------|-------------------------|
| Great Britain | 17% | 27% |
| European territory occupied by the enemy during the war..... | 20 | 8 |
| U.S.S.R. | 2 | 23 |
| Japan | 8 | 0 |
| China | 1 | 1 |
| Latin America..... | 18 | 11 |
| Canada | 15 | 11 |
| Rest of world..... | 19 | 19 |
| Total | 100 | 100 |

Exports to Britain and Russia shot up greatly, but they were financed almost completely on the basis of lend-lease (69% of total U. S. exports were lend-lease during the first half of 1945). With the sharp curtailment of lend-lease after V-J Day, U. S. exports as a whole slid

less than half of the average during the first six months. Since then they have recovered somewhat. But the total still includes a very substantial proportion financed by UNRRA and Export-Import Bank loans, and for 1945 as a whole, the volume of exports on private account was little more than the 1938 total.

The great expansion of U. S. exports occurred in finished manufactures (which in 1944 were at five times the 1938 value) and manufactured foodstuffs (they increased ninefold). Electrical machinery, industrial machinery, agricultural machinery, industrial chemicals—these and many other manufactured products (canned foodstuffs are another outstanding example) normally important in export trade—were shipped in volumes never before attained.

The movement of crude materials, on the other hand, changed little. Shipments of raw cotton and tobacco could not be expanded because of shipping space, and iron and steel scrap was needed here.

Exports of machinery, manufactured foodstuffs, cotton, and tobacco all dropped after V-J Day as war demands supported by lend-lease fell off. However, the capacity which the U. S. has developed for producing certain of these items far exceeds domestic requirements, even during the present period of extraordinary demand. If such industries are not to languish, and if cotton and tobacco prices are not to weaken (or require added government support), sales must be expanded to Britain and other needy customers throughout the world.

Over coming months foreign demand will put added pressure on some prices. However, the U. S. commodities most required for rehabilitation and reconstruction abroad are not those in shortest supply. Electric refrigerators and vacuum cleaners, for example, fall low on the priority list of most countries.

European Recovery Will Help U. S. Importers

Before the war, U. S. importers bought twice as much from Britain and Europe as from South America. The war, of course, changed this, with Europe closed until 1945 and military output requiring huge amounts of Chilean copper, Bolivian tin, Argentine foodstuffs, Canadian aluminum and nickel. This shift had important

consequences, for both foreign sellers and U. S. buyers. Look at its magnitude (figures in millions of dollars):

| | Value of U. S. Imports | |
|------------------------|------------------------|---|
| | 1938 | 1945—Yearly Rate Based on Jan.-July Average |
| Canada | \$260.2 | \$1,267.3 |
| Latin America | 296.3 | 991.3 |
| Great Britain | 118.2 | 94.9 |
| Europe | 449.0 | 220.8 |
| Japan | 126.8 | 0.1 |
| Asia | 442.7 | 395.9 |
| Africa & Oceania | 70.9 | 457.5 |
| All others | 196.3 | 815.8 |
| Total | \$1,960.4 | \$4,243.6 |

U. S. importers have a stake in the recovery of Europe. They need wood pulp from Scandinavia, luxury goods from France, woollens and whisky from Britain. Likewise, Canadian and Latin American producers, faced with a decline in the abnormal U. S. demand for their exports, will wish to resume sales to their prewar customers. (And U. S. sellers will want Latin America to find new markets for its copper and foodstuffs; otherwise Latin American incomes will drop and U. S. sales fall off.)

THE WORLD NEEDS A LENDER

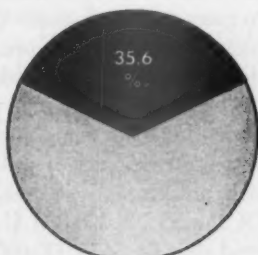
The world has always had a lender, and it's not too much to say that without one the economic system as the U. S. wants it could hardly work. Prior to the first World War, Great Britain filled the role, assisted largely by western Europe. (British foreign investments totaled almost \$19 billion in 1913.) Undeveloped areas (including the U. S.) received the help they needed to develop their resources and industrialize. The result was a higher living standard for both the lender and the borrower.

The U. S. entered the first World War a net debtor and emerged as an important creditor. Moreover, the U. S. continued to be a lender during the twenties. The record at that time is of particular interest today, for then as now economic relationships between countries had been turned topsy-turvy, and a period of readjustment followed. An "impossible exchange problem" had been created by the sudden emergence of the U. S. as a principal creditor, coupled with the reparations load placed upon Germany by the Allies. But the problem was post-

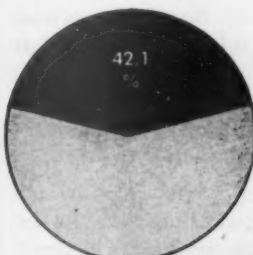
U. S. NOW DOMINATES WORLD INDUSTRY



1870



1913



1929



1946

U. S. share of world factory output

Data: League of Nations

© BUSINESS WEEK

poned for a decade as the U. S. continued to export capital, particularly to Germany and South America.

Many of the dollars lent to Germany never left the U. S. The German cities (which sold bonds to American investors) exchanged their dollars with the Reich Government for marks, using the latter to build better sewers and stadiums. The Reich, in turn, paid off reparations to Britain and France with its American cash, and the circle was squared when Britain and France returned the dollars to the U. S. in payment for war debts.

Although these loans could not be characterized as being especially productive, the cessation of our foreign lending proved to be one of the factors that plunged the world into the exchange difficulties of the early thirties from which it never fully recovered.

Foreign Lending Has Paid U. S. Investors

Despite the waste of many German and South American loans, foreign lending—at least on private account—has paid the U. S. in the past. A recent Dept. of Commerce study thus summarizes the private foreign investment experience of the U. S. from 1920 to 1940 (figures in billions of dollars):

| | Portfolio Investments (Stocks, Bonds, etc.) | Direct Investments | Total |
|--|---|-----------------------|--------|
| (1) What the United States put in: | | | |
| Estimated investments abroad at end of 1919... | \$2.6 | \$3.9 | \$6.5 |
| Net new investments abroad from 1920 through 1940 (gross new investments abroad of \$11.8 billion less amortization receipts on foreign dollar bonds and net resales of foreign securities to foreigners of \$4.9 billion) | 3.6 | 3.3 | 6.9 |
| Total | \$6.2 | \$7.2 | \$13.4 |
| (2) What the United States got out: | | | |
| Value of investments abroad at end of 1940 | \$2.8 | \$7.0 | \$9.8 |
| Income payments received on investments abroad from 1920 through 1940 | 4.9 | 7.4 | 12.3 |
| Total | \$7.7 | \$14.4 | \$22.1 |
| (3) Excess of what the United States got out over what the United States put in | \$1.5 | \$7.2 | \$8.7 |

Thus the U. S. got back one and two-thirds times the total loans it sent abroad during the entire period. This, of course, ignores the debts inherited from the last war which, unlike lend lease, were not immediately canceled and could not be paid once the U. S. plunged into depression, cut its imports, and ceased lending.

Such statistics do not show the wider and less tangible but no less important results of foreign lending: its stabilizing effect (under certain conditions) on the exchange structure; and, perhaps most significant, its development of backward areas so as to raise the general level of income throughout the world.

The world requires a lender today more than ever.

He must assist in the job of reconstruction and aid in the longer-run development of areas whose resources are not yet efficiently organized. Great Britain cannot do the job. Only the U. S. has sufficient resources to undertake the task.

WORLD ECONOMIC PROGRAM

If the U. S. should assume responsibility as the principal international lender (and thereby become the leader in world economic affairs), it will do so in the belief that through such action economic relationships between all nations will be broadened and the world enriched economically and rendered more stable politically. The alternative, as seen by most authorities, is economic and political separatism and the revival of intense nationalism.

Having taken such a decision, the U. S. will seek to avoid mistakes of past decades, and to place its trade and lending on a sounder economic (not to say political) basis. The first step is the loan to Britain. This in itself is not sufficient. What else is being done?

The chief lending agency of the U. S. government is the Export-Import Bank, with assets now of \$3½ billion. To date it has lent (or obligated) approximately \$1½ billion. Some of the outstanding current obligations (in millions of dollars) and their purposes are:

| Country | Amount | Purpose |
|-------------------|--------|------------------------------|
| France | \$550 | Lend-Lease Wind-up |
| Netherlands | 50 | Lend-Lease Wind-up |
| Belgium | 50 | General Reconstruction |
| Denmark | 55 | Lend-Lease Wind-up |
| Greece | 45 | General Reconstruction |
| Finland | 20 | General Reconstruction |
| China | 25 | General Reconstruction |
| | 35 | General Reconstruction |
| | 5 | For Purchase of U. S. Cotton |
| | 33 | For Purchase of U. S. Cotton |

Much heavier requests for aid can be expected over coming months.

How the World Bank and Fund Fit In

Congress appears to want the International Bank to shoulder much of the lending job. This institution will have as capital the subscriptions of 34 countries which to date have formally ratified the Bretton Woods agreements. (Russia is not yet a member.) These total \$7,600,000,000, with the United States furnishing the lion's share (\$3,200,000,000).

The main job of the Bank is to encourage private investment. Four-fifths of its total capital is to be used to guarantee loans made through the usual private investment channels. Only one-fifth of its capital can be lent directly by the Bank itself.

Over the next several years, many calls will be made upon the Bank for dollar loans, inasmuch as customers will want delivery of industrial products and raw materials quickly and will seek them largely from the U. S. Of the \$3,200,000,000 U. S. subscription, the Bank can lend directly \$635,000,000 and guarantee dollar loans to private investors up to a total of \$2,500,000,000. Any additional dollars the Bank requires, either to make direct loans or to guarantee private investments, it must

orrow or obtain through selling the currencies other nations have subscribed to it. Obviously, its ability to obtain dollars in excess of the U. S. subscription is limited by a host of political and economical considerations. While the Bank undoubtedly will be an important factor in the longer-term reconstruction and development of areas that lack adequate capital, it probably will not bear the major brunt of today's demands upon the United States for reconstruction capital. The Bank's dollar resources are not adequate for the task; nor are the procedures of its administration likely to assure action speedy enough to deal effectively with these problems.

The International Monetary Fund is the sister institution of the Bank. Its job is to restore a stable system of exchange rates and then to see that they remain stable (or that any unnecessary changes are undertaken on an orderly and sensible basis). Both U. S. buyers and sellers have a direct interest in stable exchanges. But U. S. lenders have an even greater interest, for loans are long-term commitments, and anything reducing the risk of shifting exchanges makes lending more attractive.

The Fund will pool monies totaling approximately \$7,300,000,000 contributed by 35 (to date) member countries. (Russia again is absent.) The U. S., with the largest national income, antes \$2,750,000,000.

The Fund will keep exchanges stable by making available currencies to the central banks and treasuries of its members (which, in turn, will deal with private banks and exchange houses) in order to cushion or absorb any unusual changes in the demand. It also will provide currencies which the traders of a particular country may need but can't get because their exports to the nation from which they want to buy are insufficient to provide it.

The principal aim of the Fund is to provide machinery within which a system of free exchanges and multilateral trade can operate. The Bretton Woods agreements recognized that some time would be required to eliminate all the discriminatory practices born of wartime necessity—perhaps five years or longer. But the British loan cuts the period to less than one year for the nation which is the center for the most elaborate network of exchange controls, thereby easing the task of the Fund immeasurably. It is not too much to say that without the loan it might prove impossible for Britain to remove exchange and trade restrictions, for under present circumstances that country would be forced to develop bilateral trade bargains with most of its principal customers. If this were to happen, and the United States were to reciprocate in self-defense, the Fund could hardly expect to achieve its goal.

ITO Also Is Tied to the Loan

The proposed International Trade Organization may also find itself an orphan if the loan does not go through. For the British espousal of the ITO and its principles apparently is contingent upon the U. S. credit being granted. This is understandable, since the International Conference on Trade & Employment (which will set up the ITO) has on its agenda proposals for reducing tariffs and tariff preferences, generally eliminating import

quotas, and regulating cartel practices, commodity agreements, and state trading.

At the present time Britain employs tariffs, import quotas, commodity agreements, and state trading (as well as strict exchange control). Some of its largest industries have in the past been parties to numerous private cartel arrangements. Without the loan Britain might be expected to continue all of these instruments of protection and restriction in an effort to make the best of its strong bargaining position as the world's largest importer in a series of bilateral arrangements with other countries.

A GAMBLE FOR HIGH STAKES

There is no question but that the British loan is a gamble. It is possible that the U. S. may never receive back the whole or even a considerable part of it. But if this proves to be the case, it will not be because the British do not wish to make payment. Failure to repay the loan will be the end result of a breakdown in the entire international economic policy of the U. S.

In a nutshell, U. S. policy is devoted to removing or reducing as quickly as feasible controls which now shackle trade and exchange, and thereby creating the conditions under which a multilateral trade expansion can occur. If trade does undergo a stable and general expansion—and the U. S. and Britain believe it will—then Britain's balance of payments should make it possible for the nation to meet the U. S. obligation.

The U. S. itself holds a large measure of the means to assure success of its policy. Not only can it do much to solve the transitional trade, production, and balance-of-payment problems by an intelligent lending policy, but over the longer pull it can contribute greatly to a high world trade volume through the maintenance of relatively full and stable employment at home. U. S. income makes up about two-fifths of the world total. The effects of rising income in the U. S. are felt throughout the world, and a sharp decline will reduce trade between Britain and almost all of its customers. Responsibility for repayment of the British loan therefore will rest to no small extent on the U. S. itself.

The U. S. thus can choose to extend credit to Britain and gamble that with its own continued prosperity, and with the good help of the World Fund and Bank, a multilateral expansion of trade will take place; or it can choose to refuse the loan, and be certain that the kind of economic world it desires will not materialize.

REPRINTS AVAILABLE

Copies of this Business Week Report to Executives will be available in reprint form. Single copies of reprints will be mailed to Business Week readers upon request without charge. Additional copies will be billed at the rate of 20¢ apiece. On orders of eleven or more, quantity prices will be quoted on inquiry. Orders for reprints should be addressed to Paul Montgomery, Publisher, Business Week, 330 West 42nd Street, New York 18, N. Y.

VENUS

VELVET

PENCILS ARE

STRONG



because
the
lead
is...

PRESSURE-PROOFED

This means that the lead is actually bonded to the wood. You can't buy better office pencils!

VENUS

-by the makers of the famous VENUS Pens

AMERICAN LEAD PENCIL COMPANY

FINANCE

(THE MARKETS—PAGE 118)

Fish for Gianninis

Transamerica Corp.'s newest venture is in seafood canning, with Bez of floating cannery fame as the expert in charge.

Stockholders poring over the annual report this week could trace the diversification policy which Transamerica Corp. has pursued in making its investments.

Transamerica, investment affiliate of the Giannini family's fabulous Bank of America in California, controls 36 banks in five western states with deposits of 1 1/2 billion dollars; a bank in Italy; life, fire, and auto insurance companies; a real estate firm with modest oil and gas holdings; a construction financing company in Minneapolis; and four manufacturing enterprises.

• **New Venture**—Too late for inclusion in the report was Transamerica's latest plunge—fish-canning. The investment firm has acquired what is assumed to be voting control of Columbia River Packers Assn., Inc., Astoria, Ore., which is probably the third largest seafood canner on the Pacific Coast, and which catches, cans, and freezes salmon, tuna, and crab.

The company is the largest packer of Columbia River salmon. In addition to its salmon and tuna canneries on

the Columbia, it operates fish canneries at Nushagak and Naknek on the mouth of those names in Alaska. It realized a profit of \$160,000 last year on gross sales of \$8,600,000.

• **Bez Knows the Business**—It has been Transamerica's custom to engage expert operating personnel for its industrial enterprises. To manage the fish canning venture, it picked Nick Bez of Seattle, a veteran in the fishing business of the Pacific Northwest, who has acquired a minority interest in Columbia River Packers and becomes its chairman. A Yugoslav by birth, a U. S. citizen since 1913, Bez has been identified with the fishing industry in the Pacific Northwest for 35 years. He is president of Intercoastal Packing Co. and partner in Peninsula Packing Co. and Tuna Packing Co., all of which have salmon canneries in Alaska and headquarters in Seattle.

Bez has also had a place in the public eye for his part in still another fishing venture, the Pacific Exploration Co., in which he is the president (BW—Aug. 18'45, p51).

• **Japanese Monopoly**—For years it has been obvious to the Fish & Wildlife Service of the Dept. of Interior that the Japanese, by virtue of cheap labor, enjoyed a virtual monopoly on crab in the Bering Sea and sale of the meat in the U. S. To get around this monopoly the Dept. of Interior conducted surveys in the Bering Sea which dictated the advisability of sponsoring private



Nick Bez, chairman of Transamerica's newly acquired Columbia River Packers Assn., is an accomplished fisherman. Though at the oars when he went fishing with President Truman (standing) and Washington's Gov. Wallgren (second from right) last summer, the trip started rumors that the RFC loan he obtained for a floating fish cannery was the result of smooth angling.

AIR CONDITIONING

(18th CENTURY STYLE)

...ING 20,000 HOLES in walls, floors and ceilings of House of Lords in the early 1700's with elaborate of "fleys" formed earliest heating and ventilating ... finally burning down the building! This is artist's of operation of Dr. Desagulier's 1734 "Blowing exhausting Machine" for "withdrawing foul, vitiated aers" or pumping in fresh. Hand-powered and much it was a bold pioneer stride in Air Conditioning.



AIR CONDITIONING

(1946 Style)

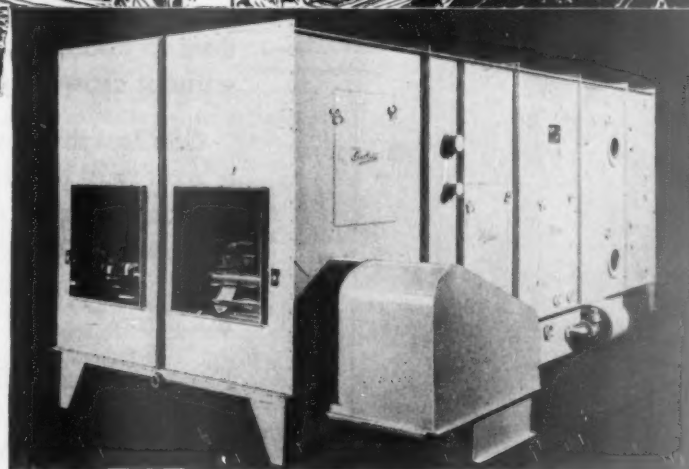
with EFFICIENT, RELIABLE

"Buffalo"

FANS

and Air Conditioning Equipment

In 1946 "Buffalo" furthers this tradition of pioneering in air conditioning through ceaseless development of more efficient equipment. Cleaner air at less cost to suit your plant and office living operational needs is our constant aim... an aim lived up to in the "Buffalo" fans and air conditioning equipment effectively serving industry



Buffalo Central Air Conditioning Cabinet consisting of modern fans, air washer, cooling and heating coils.

today. Full details in Bulletin 3142-A, yours on request, or call our nearest Sales Representative, located in all principal cities.

BUFFALO FORGE COMPANY

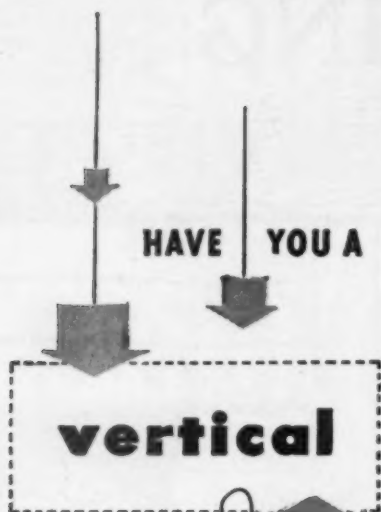
458 BROADWAY

BUFFALO, N. Y.

Canadian Blower & Forge Co., Ltd., Kitchener, Ont.

"Buffalo"

**EQUIPMENT for
AIR CONDITIONING**



HAVE YOU A

vertical

TRANSPORTATION PROBLEM?



Otis elevators, Otis escalators, Otis trained men and the facilities of the manufacturers of more than half of the world's elevator equipment are all available to assist you or your Architect in solving any vertical transportation problem.

Otis Passenger Elevators with up-to-date dispatching methods are the recognized answer to congested elevator traffic conditions.

Otis Escalators are used where large numbers of persons are to be carried from floor to floor in comfort and without crowding.

Otis Freight Elevators with a variety of control systems are designed to satisfy the most exacting requirements of floor to floor freight handling.

For the most efficient and economical service in vertical transportation—for a few stories or many — call your nearest Otis Representative today.



dustry in the quest of the Alaska king crab.

The Reconstruction Finance Corp. agreed to lend \$3,750,000 to Pacific Exploration Co. to finance the war on the Japanese monopoly. With this money, Bez was to buy and convert a ship into a floating cannery and build a small fleet of trawlers to serve the mother ship—with crab and bottom fish in the Bering Sea, with tuna in the South Pacific.

• **Honored Guest**—This venture got considerable political publicity when Gov. Mon C. Wallgren, Bez's fishing crony for 25 years, invited him to arrange a fishing trip for Truman during the President's swing through the Northwest last summer. A news picture of Bez at the oars of the Truman fishing boat set tongues a-wagging to the effect that his success in negotiating a sizable loan from the Reconstruction Finance Corp. could be traced to his intimacy with the "right" Democrats.

Bez insists that the RFC-financed floating cannery was not his idea, that it originated with Harold L. Ickes, retired Secretary of Interior, and the Fish & Wildlife Service. Answering critics, he says that he offered to join the Army and carry out the project in uniform as a war food measure, but Ickes rejected that. Since the war ended, Bez adds, he has proposed to RFC that he be permitted to operate the venture for RFC's account, but the lending agency turned thumbs down.

AIRLINE FINANCING

Previous indications that early 1946 might see Wall Street busily engaged in handling air transport company "new money" stock or bond flotations (BW- Dec.15'45,p68) have thus far proved unfounded. Few airline borrowing operations have put in an appearance; those that have been consummated did not require the Street's underwriting facilities.

There are signs now, however, that American Airlines, Inc., for one, may soon make quite a splash in the new issues market. During the rest of 1946, it is planning to sell publicly as much as \$80 million of new debentures and convertible preferred stock to refund bank loans and aid in financing the purchase of plane equipment costing in excess of \$70 million.

Stockholders will be asked to approve such financing at their annual meeting scheduled for Apr. 17. They will be called on also to approve a 5-to-1 splitup of the present outstanding common stock. Judging from the rise of some \$11 in these shares late last week on news of the proposed splitup, that proposal appears destined for unanimous approval.

Strength in Union

Great American Industries is example of management trend joining producers of diverse products into corporate unity.

Small and middle-sized manufacturing companies, faced by the bugbears of peacetime competition, are finding new applications of the old saw that there is strength in union. Borg-Warner Corp., Dresser Industries, Inc. (BW-Mar.31'45,p42), and Continental Industries (BW-Oct.7'44,p66) are examples of concerns with diverse and often unrelated products operating under one corporate tent. Great American Industries, Inc., New York, is another example of this trend in management.

• **Rex Products Acquired**—Nucleus of the Great American family was a group of companies engaged almost 100% in war work. The unexpected collapse of the Japanese found them with their re-conversion pants at half mast. Result was adoption into the group last September of Rex Products Corp. of New Rochelle, N. Y., important producer of women's compacts, handbag frames, and cigarette cases. Rex income is expected to help sustain its sister companies until they can get squared away into consumer products.

The Great American setup is the outgrowth of the Salta Corp. (backward it spells "Atlas"), an investment trust that switched to manufacturing late in 1940. In addition to Rex, units now in the

group are: Connecticut Telephone & Electric Division, Meriden, Conn.; Ward La France Truck Division, Elmira, N. Y.; Virginia Rubatex Division, Bedford, Va.; Rutland Electric Products Division, and the Cineflex Corp., both of Rutland, Vt.

• **Military Insignia**—Rex Products, acquired for an undisclosed amount of cash plus 100,000 shares of Great American stock (then valued at around \$7 but now worth \$12 over-the-counter), was able to produce 70% of its regular lines during 1945. Its war jobs included the manufacture of service belts, service stripes, and medals.

Connecticut Electric built Army communications equipment. Without too severe a wrench it is getting back into interoffice communication devices, hospital communications and signals, farm telephones.

• **Adds Trolley Bus**—Ward La France concentrated during the war on big wreckers for automotive equipment. It is switching back to heavy-duty trucks and its former line of fire-fighting apparatus. (The company has no connection with American-La France which is in the same field.) A new product of Ward La France is a \$12,000 trolley bus.

Cineflex Corp. supplied the Army Air Forces with a combat wing camera. This contract suffered a complete blackout when peace came. The company has since taken over the plant of Rutland Electric, which had war contracts for ignition harness for plane and automotive engines, connections, and spark plugs. Rutland Electric goes into eclipse while Cineflex converts to items for Rex Products, which is short of production facilities. Cineflex also has in the works a portable electric phonograph. It has temporarily connected with the astonishing demand for cigarette lighters by making job lots for outsiders.

• **Rubber Products**—First of the companies in the Great American consolidation was Virginia Rubatex. It has since become the least important. From making pontoon floats, and de-icers for plane wings, it returns to its original list of closed-cell rubber, sponge rubber, and a light plastic insulating board for special refrigerating equipment.

June 30 last, the company reported assets approximating \$14,000,000, a net worth of almost \$3,000,000, and also had available a \$1,500,000 reserve for contingencies. Earnings the first half of 1945, on sales of \$20,800,000, totted up to \$630,000, after provisions for taxes and renegotiation, or 60¢ a share, and the final 1945 report is expected to reveal a gross of around \$37,000,000. Ralph Horton, president of Great American, foresees a 1946 sales volume of \$30,000,000. Horton took the job last July.

• **Varied Experience**—During the first World War, Horton was a shavetail in



With a diversified background for a diversified job, Ralph Horton (above), head of Great American Industries, concentrates on financing, sales, and management, believes in giving local initiative free play.



★ For over 40 years Sly engineers have been solving all kinds of dust problems. They have been doing this longer than anyone else.

This long experience is reflected in superlative engineering resulting in dust control equipment which will operate most efficiently and most economically. Over 5,000 installations.

A Sly engineer will be pleased to discuss your conditions with you, to cooperate with your staff in a study of all vital factors—plant layout, operating conditions, hoods, piping, ventilation, filter, etc.—and to recommend the proper installation. Sly Dust Collectors are not expensive to install or maintain. They are a paying investment, saving thousands of dollars yearly.

Ask for Bulletin 98, 20 pages of useful information on Dust Control, and tell us your problem.



A typical Sly Dust Filter—heart of the complete dust control system

THE W. W. SLY MFG. CO.
4749 TRAIN AVE. • CLEVELAND 2, OHIO

Sly Engineers located in New York • Chicago
Philadelphia • Detroit • St. Louis • Milwaukee
Toronto • Minneapolis • Cincinnati • San Francisco
• Rochester • Los Angeles • Houston
Birmingham





Put these efficient hands on your time-clock

In Connecticut time-clocks do not tick any faster than anywhere else in industrial America. An hour is exactly sixty minutes—no longer or shorter than it is elsewhere.

But the traditional Yankee skill, ingenuity, intelligence, pride in a job well done means that Connecticut workmen as a matter of *habit* put so much effort into their minutes, hours and workdays that when production costs are figured it would seem as if Connecticut time-clocks have 80- or 90-minute hours.

If you want this kind of efficient production in your new factory—build it in *Connecticut*. The Connecticut Development Commission is ready to make a special survey for you—covering factory building costs, desirable locations, transportation, labor, taxes, warehouse locations, etc. Write to Connecticut Development Commission, Dept. A-14, State Office Building, Hartford, Conn.

Marine Corps aviation. When peace grounded him he went to the University of Wisconsin where he majored in accounting and finance. He rode through the boom of the twenties with Blyth & Co., investment bankers. After a period of independent financial operation, Horton came to New York to become assistant to Gerhard M. Dahl, who was then chairman of Brooklyn Manhattan Transit Corp.

That subway was struggling through the political jungles toward unification and municipal ownership. Horton soon escaped to something more exciting—the Wisconsin Alumni Research Foundation. There he commercialized the foundation's control of patents for irradiating materials to produce vitamin D. Horton makes no claim to foreseeing that these patents would be invalidated (BW—Jun. 16 '45, p. 51), but he was shrewd enough to switch to one of his biggest vitamin customers, the Borden Co. Later he became president of the Miller Marine Decking Co., a war baby that supplied a plastic flooring for sea-going vessels.

• **Local Initiative Kept**—Evidently the board of Great American thought these varied experiences had given Horton what was required to handle the financing, sales, and management of its varied companies. (Horton thinks that one of the most grievous errors of management is giving production executives too much authority in other departments.)

Wherever possible, local production executives were retained in a Great American takeover. Controllers of all divisions are answerable only to the head office. Each division has a directing board, made up of its department heads, which meets monthly with men from the main office. Horton believes in a minimum of interference with local initiative and a maximum of technical impetus from New York headquarters.

BANK LOANS RISE

The nation's 5,023 national banks had total assets of \$90,536,000,000 and deposits of \$85,243,000,000, at the close of 1945, reports Comptroller of the Currency Preston Delano.

Holdings of U. S. government issues, direct or guaranteed, rose almost \$8 billion during the year, or over 18%, and reached the record-breaking figure of \$51,468,000,000, the equivalent of over 60% of the banks' deposit liability. Loans and discounts were only slightly over 16% of deposits; however, this was the best ratio reported in some time. At \$13,948,000,000, loans and discounts were about 21% higher than at the 1944 year-end.

Total capital funds were almost 9% higher at \$4,656,000,000. In the main this reflected last year's good earnings in the banking business.

You'll make the *RIGHT* connections..in
CONNECTICUT

Sounder, Simpler Paper Work Methods for these Major Functions



Our two free booklets give all the details

Everyone in business wants to get things done faster and more simply, if he doesn't have to sacrifice accuracy and control to do it.

With Mimeograph* stencil duplication, paper work can be speeded up, streamlined. And at the same time, there is surer control all along the line.

It is the flexibility of Mimeograph duplication and its easy-to-read, always-to-be-depended-on

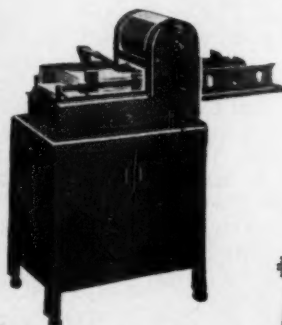
results that make this possible.

To find out how Mimeograph duplication works in two major applications, send the coupon for our free booklets describing step-by-step procedures for handling 1) Purchasing, Receiving and Inspection, and 2) Complete Production Control.

Why not find out about these efficient new systems now? It will be to your advantage.

Mimeograph duplicator

*MIMEOGRAPH is the trade-mark of A. B. Dick Company, Chicago, registered in the U. S. Patent Office



COPYRIGHT, A. B. DICK COMPANY

A. B. DICK COMPANY, Dept. R-446, 720 W. Jackson Blvd.
Chicago 6, Illinois

Please send me your free booklets:

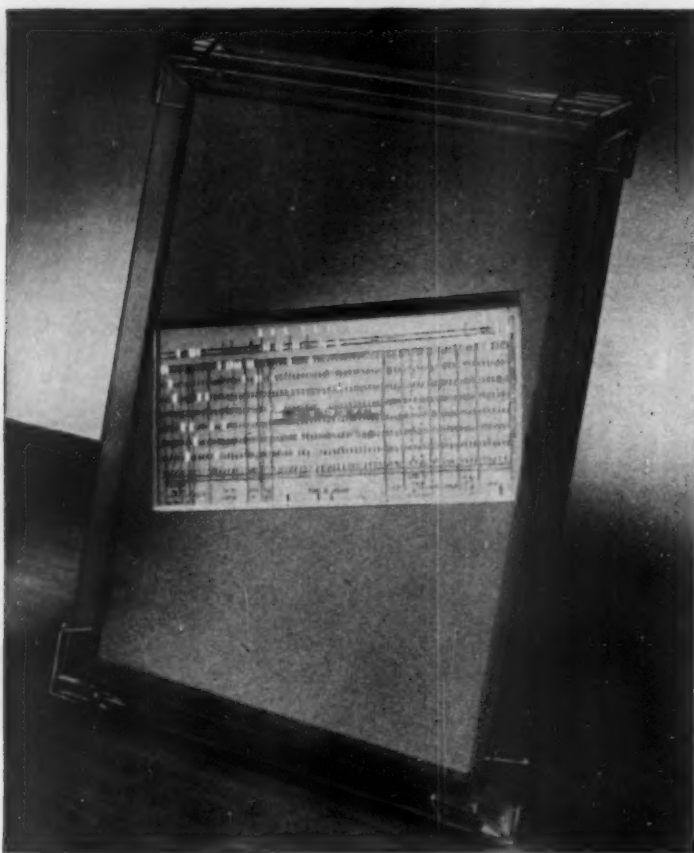
- ☐ "Complete and Accurate Control over all Purchased Parts and Raw Material."
☐ "Production Control Paper Work"

NAME

COMPANY

ADDRESS

CITY STATE



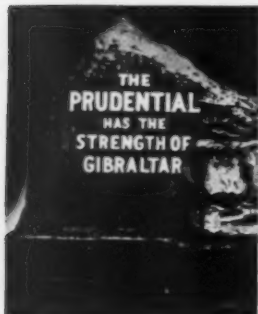
PICTURE OF A SMART MAN

Actually this picture never gets framed. There isn't time for that! But this card is a very precise picture of a man.

He is a worker. He has insured his life. The beneficiary is his son. He wants to be sure the boy gets an education.

This card was the first thing the Prudential Home Office made when his application was received. Then things moved fast! The insurance contract is typed automatically—using this card. All the vital records the Company keeps are automatically produced from cards like this. A folding machine speeds the policy along. A numbering machine saves more time. Another machine even prepares the contract for mailing.

All this was *not* done without people. Because the Prudential is essentially a business of very understanding people. But every modern tool is at hand to speed accuracy and service for policyholders. In turn, that is one reason why so many millions of policyholders turn first to Prudential. The Prudential Insurance Company of America, Newark, New Jersey.



Alleghany Exit?

Transfer of Young shares in investment trust deal stirs speculation on whether he will bow out of the railroad field.

The 1,000,000 shares of Central States Electric Corp. common stock recently acquired from Harrison Williams by Alleghany Corp.-Otis & Co. interests for \$4,000,000 to \$5,000,000 in cash (BW-Mar.9'46,p73) has been quickly expanded into what is likely to prove pretty effective working control of that still-to-be-recognized investment trust.

• **Additional Purchase**—Last week purchase options obtained when the property was acquired were exercised. These covered an additional 2,000,000-share block of the issue. As a result of the latest transaction, the house of Otis & Co. and its allies now own almost 30% of the 10,105,000 shares of Central Electric common stock outstanding.

One-third of the shares involved in last week's deal, Otis has announced, were purchased in behalf of the Pittston Co., Alleghany Corp. subsidiary; another third for the account of a group headed by Alleghany Corp.'s chairman, Robert R. Young, and its president, Allen P. Kirby; and the rest for interests associated with the Cleveland banking house.

• **How Much?**—Thus far Otis hasn't seen fit to announce publicly the sum involved in the latest transaction, nor the basis of the deal. It is believed, however, that the additional stock must have cost the purchasers the equivalent of close to \$8,000,000, since Central States Electric common is currently selling at about \$4 a share over the counter. Unlike the first purchase, the transaction was not on a strictly cash basis.

It has already been disclosed that the second deal with Williams, once reported to hold some 51% of all Central States' outstanding common stock, involved, as part consideration at least, the transfer into his ownership of 100,000 shares of Young's personal holdings of Alleghany common. An additional 20,000 shares of Young-owned Alleghany stock went to the Otis interests as a result of the transaction.

• **Street Takes Notice**—The news that the deal had resulted in a sharp whitening down of Young's holdings has interested Wall Street greatly, since it follows rather closely the public sale (BW-Nov.17'45,p75) of over half the once-formidable block of Alleghany common held by Kirby, long Young's moneyed partner in that railroad holding company.

At the time of Alleghany's 1945



CINCINNATI'S PIED PIPERS

From his manhole, a Cincinnati Gas & Electric Co. workman holds a council of war with E. E. Neuzel, company supervisor; Dr. Carl Wilzbach, Cincinnati health commissioner; and George Schubert, city rat control supervisor. The company is battling rats that chew its underground cables, causing short circuits, and is spreading rat poison in its cable ducts—partly as a civic gesture, mostly in self-defense.

annual meeting, Young-Kirby holdings of its common stock actually accounted for some 21% of the whole issue. As Wall Street sees it now, however, the two hold only 12% of such shares. And this seems to the Street almost as tenuous a control, in the event of a future falling-out with other stockholders, as Alleghany's domination of the Chesapeake & Ohio rail family could easily prove, since this was recently based on ownership of but 8% or so of C. & O.'s outstanding stock.

• **To Other Fields?**—Many in the financial district are mulling over the possibility that last week's Central States Electric deal may actually have been another step in fulfillment of an earlier decision of the two to cash in gradually on their successful Alleghany venture and turn Young's profit-making abilities loose in other fields.

The main basis for such current Street gossip is provided by (1) Young's interest in the Central States Electric reorganization situation; (2) his obvious disappointment over the defeat of his recent efforts to merge all members of the C. & O. family into one system (BW—Nov. 3 '45, p20); and (3) his remarks last fall indicating that he would be willing to give up entirely his Alleghany interests if permitted to buy the Pullman sleeping car business.

How often do you TAKE A LOOK AT YOUR RECORDS?

Fifty times a day to once a year might represent the extremes between hard-working control forms and less active but equally valuable documents and similar long term records. Threatened on one hand by the wear and tear of constant handling and on the other by the ravages of time, your records need the protection of strong, durable cotton fibres used in making WESTON papers for business records.

For those "key" records of more than transient importance—records of production, materials, accounts, correspondence and sales as well as legal, financial, insurance and other long term records, see that your supplier selects a cotton fibre content record, ledger, bond or machine accounting paper from the complete WESTON line.

Byron Weston Company,
Dalton, Massachusetts.



*If it's worth keeping, keep it on
a WESTON Paper*

Weston

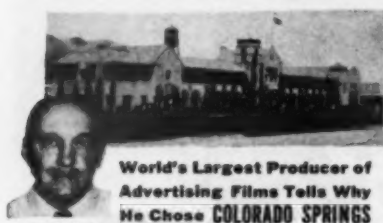
Makers of Papers
for Business Records





As in the days of the Pikes Peak gold rush, Colorado Springs and the Pikes Peak Region is still the land of opportunity. If you are planning to relocate your plant or establish a branch... Colorado Springs offers you unexcelled opportunity for industrial expansion with lower production and shipping costs — and a greater joy in living.

Centrally located for fast, economical distribution to America's markets — cooperative skilled labor of pioneer Western stock — abundant raw materials — low-cost fuel, power, light — excellent living conditions — sunny invigorating climate.

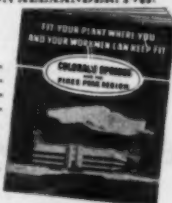


World's Largest Producer of Advertising Films Tells Why He Chose COLORADO SPRINGS

"In deciding on Colorado Springs for our plant location several years ago, we were impressed by these four major factors: (1) Central location for shipping by parcel post and express, which effected a tremendous saving; (2) Low living costs which could be enjoyed by our employees, as well as ideal living conditions; (3) Abundant sunshine and superb year round climate; (4) Purity of Colorado Springs water." J. DON ALEXANDER, Pres.

SEND TODAY FOR THIS FREE BOOKLET

Available free to business executives. Gives you easy-to-read facts and figures of Colorado Springs' industrial advantages... Specific, first-hand information you'll want to know... 24 pages attractively printed in colors, 75 pictures. Send today for your copy.



Colorado Springs

MANITOU SPRINGS and the PIKES PEAK REGION
Colorado Springs Chamber of Commerce
213 Pikes Peak Avenue, Colorado Springs, Colorado
Please send me your 24-page booklet, "Fit Your Plant Where You and Your Workmen Can Keep Fit".

Name _____
Address _____
AMERICA'S FINEST YEAR 'ROUND CLIMATE

PRODUCTION

More Nazi Data

Releases made available to U. S. industry cover variety of processes, chemicals, and products used by Germans.

Allied technical teams which "invaded" Germany in the late stages of the war, continuing their investigations right up to the present, have prepared literally thousands of reports on their findings in industrial plants, research laboratories, and universities (BW—Sep. 22 '45, p. 49).

• **For Special Release**—Out of these the Office of Publication Board, Dept. of Commerce, has selected a number for special release which cover processes, products, chemicals, or other developments deemed of immediate interest to American industry.

Among recent disclosures is a new coil spring, of potential value for engine valves. It is composed of five wires, one serving as a core with the other four wound around it. The Germans say that it uses 20% less material than a solid spring wire of the same rating, yet that

it has a 20% greater fatigue life. • **Silicon Detector Cell**—Another announcement concerns a silicon detector cell, used to detect 3-cm. and 9-cm. radio waves. It seems to require no adjustment, is not sensitive to shock, and appears simple to manufacture. The cell consists of cylindrical rods of carbon standing on end in a quartz tube. Powdered aluminum is placed in one end of the tube. Air is evacuated, and silicon tetrachloride introduced.

When heated to 800 degrees Centigrade in an electric furnace, the silicon crystals are deposited on the surface of the carbon. The carbon cylinder is mounted on a ceramic base and a metal electrode brought into contact with the crystals on the end of the carbon rod.

• **New Process**—Tetranitromethane, an explosive with high detonating power, was produced on a laboratory scale by a new process involving continuous nitration of acetylene.

Selenium rectifiers for converting alternating current into direct current, while made in this country, were produced by a German method believed readily adaptable to American use.

An iron base in the form of a telephone diaphragm is sand-blasted, then nickel-plated. One side is painted with

Aerial Television Has Commercial Prospects

Compressed to suitcase size, an aerial television camera (right) developed by Radio Corp. of America, National Broadcasting Co., and the Navy for guided missiles, aerial reconnaissance, and similar military purposes is off the secret list.

The camera weighs about 34 lb. (transmitter, monitor, power supply, and junction box add 90 lb. to the installed weight) and may be the forerunner of portable "walkie-lookies" for covering news events. It could also be adapted to aid remote control of industrial processes. Code-named "Block," it has a range of 15 to 20 miles, a peak power output of 60 watts.

A bigger edition, "Ring," was developed too late for use in the war. This installation weighs 1,400 lb. with all equipment, such as extra lenses, spare parts, and cables. It has a transmitting radius of 200 miles at 22,500-ft. altitude, uses two movable cameras, and has a peak power output of 1.4 kw. The camera in

"Block" is fixed in the nose of the plane.

"Ring" may have practical application for commercial television in airborne transmitting setups similar to "Stratovision," now being developed by Westinghouse Electric Corp. and Glenn L. Martin Co. (BW—Aug. 11 '45, p. 94).

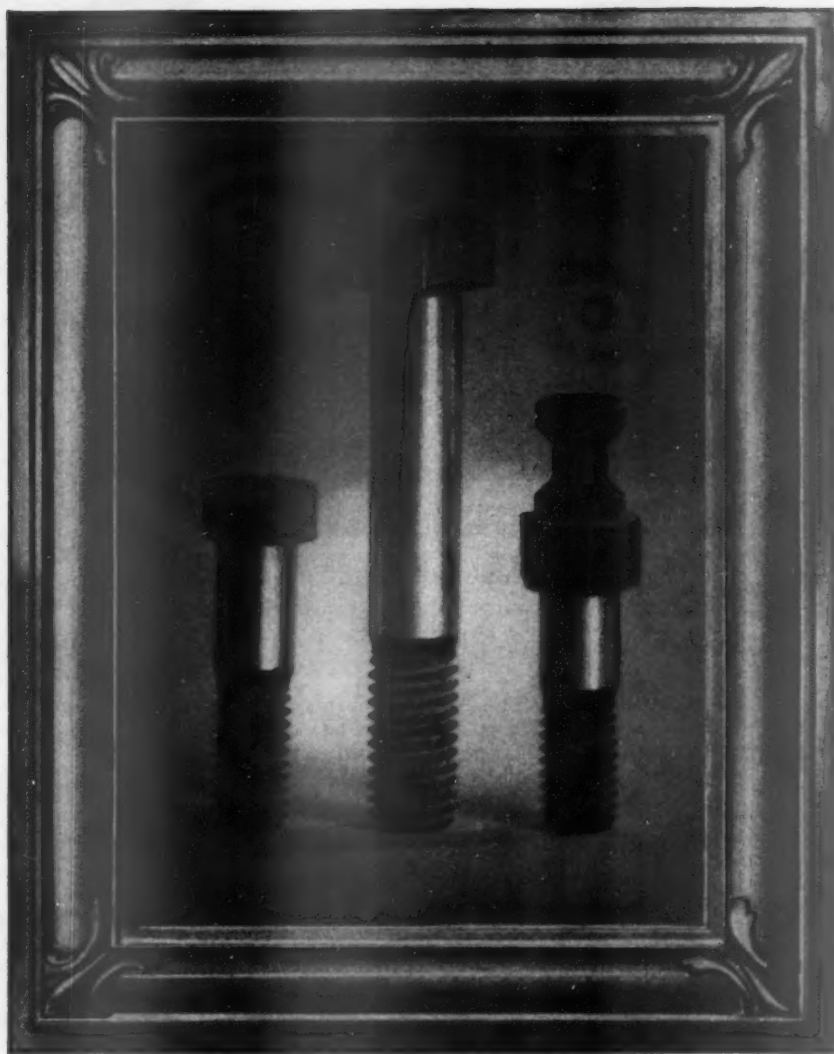


life.
an-
ector
9-cm.
to ad-
and
The
car
tube.
one
and

enti-
icon
e of
er is
metal
the
rod.
an
wer,
by a
utra-

al-
ent,
pro-
ved
e.
ele-
hen
with

PORTRAIT OF A RUGGED, LONG-LIVED FAMILY



THESE are star performers. They don't lose their heads in tough situations. They don't stretch or twist out of it when extra pressure is applied. They don't crack under strain. No, they stay right on the job, dependably, through a long life. They're cold headed bolts, forged by the million from Youngstown cold heading steel, by Allied Products Corporation, of Detroit.

The dependability of any cold-forged bolt begins in the alloy steel from which it is fashioned. In Youngstown Alloys, you'll find exactly the chemical and metallurgical

properties that cold forging calls for—*proper ductility which permits rapid, accurate shaping in the forging dies to intricate designs and precision tolerances...positive uniformity, which insures that every bolt is an identical twin to every other one of its type and size...extra strength and toughness, which insure satisfactory long-time performance in severe service.*

Youngstown Alloys for cold forging are available now. Let us discuss your requirements. Write, wire or phone our nearest branch.

YOUNGSTOWN

THE YOUNGSTOWN SHEET AND TUBE COMPANY

GENERAL OFFICE: YOUNGSTOWN, OHIO

Export Offices: 500 Fifth Avenue, New York City

MADE IN U.S.A.

CARBON - ALLOY AND TOOL STEELS



Bars - Rods - Sheets and Plates - Pipe
and Tubular Products - Conduit -
Electrolytic Tin Plate - Coke Tin
Plate-Wire-Nails-Tie Plates and Spikes.

What is DECALCOMANIA?



De-cal-co-man-ia (or *Decal*) is a durable color film carrying a printed message or design which can be quickly transferred to practically any surface.

Uses and advantages—Decalcomania is widely used for nameplates, product decorations, advertising signs, motor truck lettering, product finishes, and home decoration, with ease and economy.

MEYERCORD'S LIBRARY OF DECAL LITERATURE

is yours for the asking, to assist you in determining how you can utilize Decalcomania in your business.

♦ The Meyercord Window Sign Ad-Visor, a full color brochure, shows how Decal signs can be used on windows, counters, back-bars and other dealer locations for on-the-spot selling.

♦ Trucks can pay for themselves as advertising media. This truck Decal Visualizer helps plan these valuable "billboards on wheels."

♦ Rare wood grains and marble in Decalcomania are widely used industrially on furniture, radios, etc. as colorfully illustrated in this Sans-Arb brochure.

♦ The Meyercord Decal Decoration Book will stimulate your ideas on the use of colorful Decals to stylize and identify your products for faster selling.

Please address inquiries to Dept. 2-3.



DECALS
OFFER COLOR
AND CHARM
IN HOME DECORATION, TOO!
Sold at 5 and 10, Dept.
Hdwe. and Paint Stores

DECAL NAMEPLATE SELECTOR

is a guide to the selection and application of Decal nameplates for unusual surfaces.

THE Meyercord co.

World's Largest Decal Manufacturer

5323 WEST LAKE STREET • CHICAGO 44, ILLINOIS

hot selenium, which is then heat-treated to form the proper crystalline structure.

• **Special Alloy Used**—The selenium is sprayed with a special metal alloy, which forms one electrode. The uncoated side of the disc forms the other. The disc then undergoes an electroforming process to produce the unidirectional layer in the selenium coating under the sprayed alloy. A little iodine is added to the selenium to promote formation of the layer.

New synthetic waxes were used in the German electrical industry, in emulsion form to impregnate cloth for waterproofing, and for packaging. The waxes, which are long chain paraffin waxes normally melting at about 100 degrees C, were made by ketonizing and then hydrogenating bleached Montan wax. This wax was extracted from lignite with benzene and alcohol.

• **Adjunct to Insulin**—Pure adrenochrome, potentially useful as an adjunct to insulin for diabetics, has been synthesized successfully. When used with insulin, it is said to permit reduction of insulin usage by more than one-half. Results of clinical testing of adrenochrome, an oxidation product of adrenalin, have not yet been published.

Calcium carbide was used by the Germans as a raw material to make synthetic rubber, plastics, and a wide variety of chemicals. Among developments were large-scale conversion of acetylene to ethylene by catalytic reduction, with the ethylene going into styrene for Buna S rubber, polyethylene for lubricating oil, and for manufacture of ethylene glycol; a new butadiene synthesis involving reaction of formalin with acetylene; and quantity production of vinyl ethers of methyl, ethyl, isobutyl, and higher alcohols.

• **Coated Bread**—Plastic coatings were used experimentally to preserve bread and cheese. Bread coated with a 50% water emulsion of polyvinyl acetate containing chalk, talc, and lithopone, then sterilized by heating to 140 degrees C for 30 minutes, showed only slight interior mold after eight months.

Chlorine trifluoride is a new liquid incendiary agent. Stable when stored in iron pressure cylinders, it has a boiling point of 12 degrees C and combines so vigorously with all organic and some inorganic compounds that they generally ignite.

Electrolytically produced hydrogen peroxide is used to sterilize all milk in the vicinity of Milan, Italy. Use of 0.1% by weight of 39% hydrogen peroxide accomplishes sterilization in eight hours, and the effect continues for three days. It also destroys milk-souring bacilli. Newly developed is a tablet containing 35% hydrogen peroxide and 65% urea, which is expected to be even more suitable.



PUZZLE...

**Can you pick
the best salesman
in this picture?**

H E DOESN'T wear striped pants. He never took a personality course. But he's one of the world's best salesmen.

He brings new customers in—keeps all customers contented and comfortable. And the warmer the weather, the harder he works—and the more he's appreciated.

His name is Carrier Store Weathermaker . . . and he's standing there between the soda fountain and the bathing caps. "Carrier," you know, is a family name—with a long, proud history behind it. In fact, air conditioning was born with Carrier more than 40 years ago.

"Store" means any average-size retail shop, restaurant or recreation spot where people come in oftener, stay longer and buy more if they're cool and comfortable.

"Weathermaker" means a self-contained air conditioner that offers quiet, dependable service for a long, long time. It's easily and quickly installed in limited floor space—while business goes on as usual. It's good-looking. And you can take it with you if you move. For the whole story, see your local Carrier dealer now! He's listed in your classified telephone directory. Carrier Corporation, Syracuse, N. Y.



THE NEW 1946 STORE WEATHERMAKER is one of Carrier's finest post-war achievements. It includes important improvements resulting from Carrier's long experience and the manufacture of many similar units for the armed forces. Built in the Carrier tradition of leadership, these units feature modern design, low operating cost and dependable service.



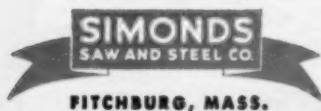
FIRST NAME IN AIR CONDITIONING — LAST WORD IN REFRIGERATION

SIMONDS Red Tang FILES



...they keep your File-Costs down

RED TANG FILES have the same basic tooth-design as Simonds Metal-Cutting Saws. So Red Tangs *cut*, instead of *scrape*... remove more metal with less elbow-grease. That's why workers like them. *And here's why YOU will like them:* They last longer... and deliver more and better work per file-dollar. Order Simonds Red Tang Files from your Industrial Supply Distributor, or from the nearest Simonds office listed below.



PITCHBURG, MASS.

BRANCH OFFICES: 1350 Columbia Road, Boston 27, Mass.; 127 S. Green St., Chicago 7, Ill.; 416 W. Eighth St., Los Angeles 14, Calif.; 228 First St., San Francisco 5, Calif.; 311 S. W. First Avenue, Portland 4, Ore.; 31 W. Trent Ave., Spokane 8, Washington. *Canadian Factory:* 595 St. Remi St., Montreal 30, Que.

Production Tools for Cutting Wood, Metal, Paper, Plastics, Etc.

Weather Profit

Commercial applications of meteorology promise to grow in importance. Proponents cite big savings effected.

Business and industrial executives will be able to do something about the weather's influence on their profits if the American Meteorological Society realizes its new ambition. That organization of professional weather forecasters and climatologists plans to develop the application of meteorology to commercial operations, the potentialities of which are envisaged as unlimited.

The problem is seen as that of acquainting executives with the services which industrial meteorology has to offer. A preliminary move in this direction was a discussion of the science and its applications at a meeting of weather scientists and industrial executives in New York on Mar. 21.

• **Wartime Impetus**—Pointing up the practicability of this program is the fact that new meteorological know-how was developed to smooth the combat operations of the armed forces. Some 6,000 men were trained professionally in the science during the war. The improved techniques and most of the technicians have become available to industry with demobilization.

That the meteorologists are not indulging in hopeful dreaming is evidenced by the remarks of Herbert Johnston of Cushman's Sons, Inc., large New York bakery with a chain of retail outlets. By gearing its daily production to a detailed analysis of the weather reports, this company saves an estimated quarter of a million dollars a year in materials.

• **Correlation**—It all started ten years ago with a day-by-day correlation of sales with the weather. This revealed that wind, rain, humidity, and temperature exerted a definite and predictable influence upon the number of housewives who went shopping. Unpleasant weather meant more perishable products left on the shelves at the end of the day to become a total loss except for a little salvage through day-old stores.

Now, if the weather man made no mistakes, the close of a day finds practically no merchandise left over and no customers disgruntled by a short supply.

• **Cases in Point**—Other industry representatives participating in the discussion were equally enthusiastic about the value of weather-report analysis. A steam utility decides how much of its reserve generating capacity it will bring into operation only after it analyzes the meteorological data. Otherwise it might be unable to meet the demand or



Creating New Markets Abroad...

Whether your business dealings are in the Middle East or in any other part of the world, the Chase National Bank can be of material assistance to you.

Its overseas branches and correspondent banks cover the world and these facilities not only enable the Chase to effect collections promptly and finance imports, but also check credit ratings of foreign firms and gather up-to-date information which companies developing over-

seas business can often translate into new and sound relationships. And, since Chase Foreign Department officers are constantly in touch with overseas sources, they are also able to provide current information on trade regulations abroad.

Why not confer with a Chase Foreign Department officer regarding foreign trade opportunities—now? He may be able to outline services of unusual value to you.

You are invited to send for our Folder "Import and Exchange Regulations of the principal countries of the World."

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

Member Federal Deposit Insurance Corporation

LONDON—6 Lombard Street • 51 Berkeley Square • Bush House, Aldwych

Havana • San Juan • Panama • Colon • Cristobal • Balboa • Offices of Representatives: Mexico, D. F. • Bombay

THE CHASE BANK: Paris • Shanghai • Hong Kong • Tientsin

CUTLER-HAMMER ELECTRIC HEATERS
HAVE SOLVED THESE PROBLEMS—
AND HUNDREDS MORE



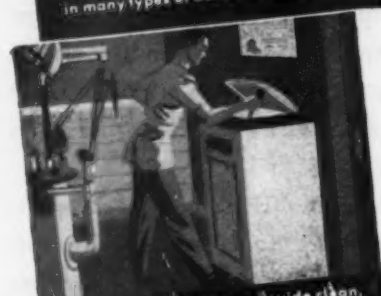
Cutler-Hammer Heaters keep dam
roller gates free of ice.



Cutler-Hammer Heaters keep dies hot
in embossing presses.



Cutler-Hammer Heater Units are used
in many types of better heating devices.



Cutler-Hammer Heaters provide clean,
automatically controlled heat for
sterilizers.



Cutler-Hammer Heaters simplify thread
waxing in shoe stitching machines.

Here's How

YOU CAN SOLVE THAT SPECIAL HEATING PROBLEM

Do you want to heat the cab of a traveling crane... or an isolated watchman's hut... or a corner in some loft? Do you want to "spot heat" a moving member in a special machine, or a plastic press, or a folding machine, a glue cooker or a shoe stitcher or a warming oven? Do you want heat that you can turn on and off at the touch of a button? Then you will be interested in Cutler-Hammer Electric Heat, tool of a thousand uses, capable of being shaped, applied and controlled in more ways than perhaps you ever thought possible. You may also be interested in the judgment of plant executives and machine designers who know the importance of the correct, efficient and economical solution of such heating problems. They have found that Cutler-Hammer's specialized knowledge in this field, dating from 1910, has been directly instrumental in securing to them the utmost advantages of the electric heating method. Why not write Cutler-Hammer today for details of Cutler-Hammer Electric Heat? **CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto, Ont.**



Cutler-Hammer Heaters keep incubators at a safe, even temperature.



SEED CO-OP PAYS

Farmers in Bartow County, Ga., say they are doubling their cotton output per acre as a result of cooperative seed-breeding experiments at Georgia Institute of Genetics. Each year they contribute some of their best seed to the experimental farm. With the help of a midget cotton gin (above), the institute, under founder M. W. H. Collins, culls a superior seed which is turned over to the "cooperators" for their own farms. Starting in 1932 with ten members, the privately financed foundation now numbers over 100, is branching into other crops.

would have steam up with no place for it to go.

A gas company asks a weather scientist when the load will be light enough during three consecutive days so that part of the equipment can be shut down for servicing.

An electric generating station learns in advance when dull days will bring the lights on early.

A tugboat company never schedules a tow down the coast without advance assurance that the winds will be favorable.

• **Cauliflower Protection**—Long Island's million-dollar cauliflower crop is protected against ruinous temperatures below 19 F by advance Weather Bureau warnings relayed through county agents in time to permit complete harvesting. Ordinarily the heads are cut, starting in September, only as fast as the market will absorb them without price deflation.

The island's potato crop, too, is guarded by the meteorologists against the blight that follows a heavy rain and a drop to 60 F or below in temperature. Warned in advance, the farmers

spray the vines with an antiblight copper sulphate solution.

• **Judging by the Past**—The meteorologist's climatological deductions from past weather performance can be quite as useful as his forecasts. This was spectacularly demonstrated in picking the dates for the first air raid on Tokyo, the African invasion, the week-long series of air raids that knocked out Germany's aircraft production, and other major military operations.

In the same way, climatology can help businessmen and farmers in planning ahead. A drug firm shipping vitamin capsules to India solved a quality deterioration problem on the basis of climatological data.

• **Special Requirements**—Businessmen who know what data they need and how to interpret it can get much help from the U.S. Weather Bureau men. But the bureau is not staffed to give specialized service to all industries in all locations. It collects the necessary data, but it is up to the industrial meteorologist to analyze and interpret the data in terms of his employer's specific business operations.

U. S. concerns are offering to provide service for all parts of the world. International Weather Service in New Orleans advises the Mayan Trail in Guatemala on likely days for tourist crowds, chicle and tree-grafting firms on advantageous weather for their operations.

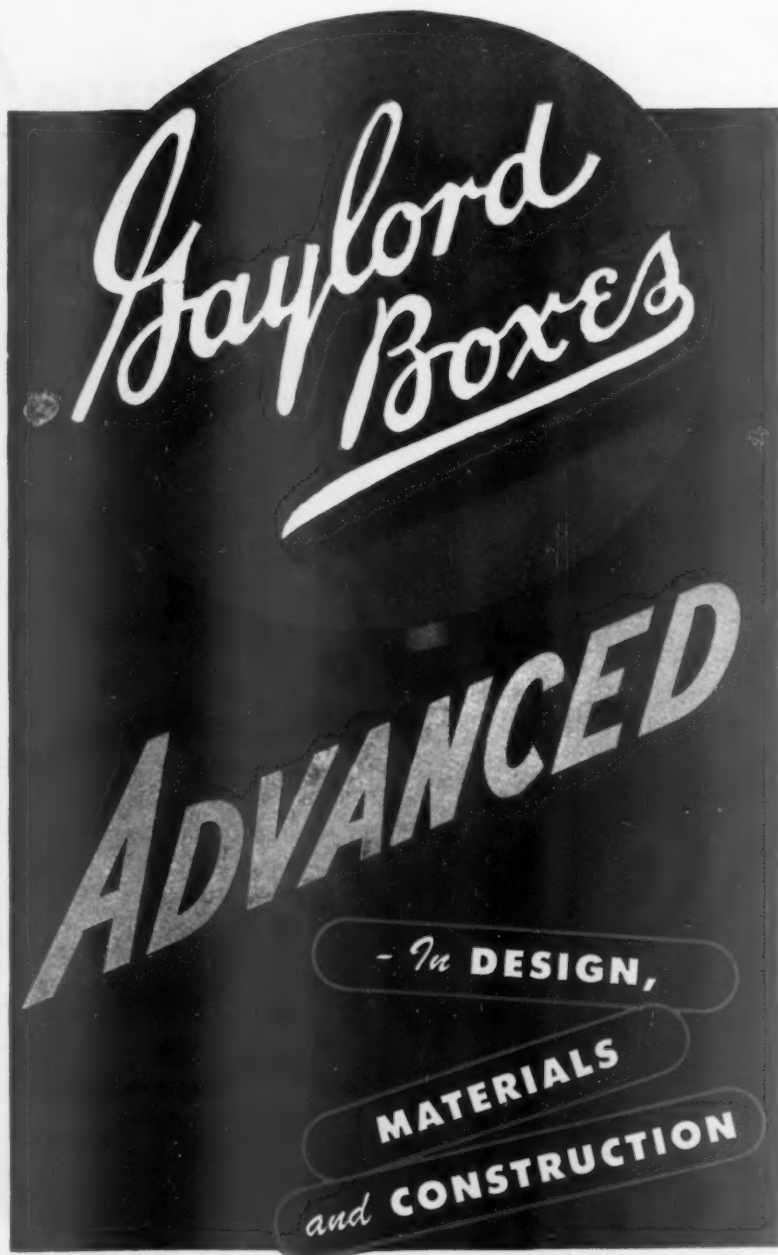
Another promising group of prospective clients is the small feeder airlines. Weather information is important to them, but they cannot afford the expense of maintaining a meteorological office.

TRAILER TORSION SPRING

War-born torsion-bar suspension for vehicles, applied to the Kaiser automobile unveiled some weeks ago, is appearing in another application—as springing for trailers manufactured by Fruehauf Trailer Co., Detroit. Fruehauf's announcement, together with that of another system of springing recently developed by Feather Ride, Inc. (BW—Mar. 9 '46, p. 58), indicates that trailer makers intend to improve their business by making earlier models obsolete.

Gravity torsion-bar suspension operates on the principle of variable leverage. When load is applied to a trailer so equipped, an arm attached to a spring-steel torsion bar is depressed, twisting the bar and causing it to yield in proportion to the load applied. Increasing loads shorten the arm's leverage, making it impossible to reach the limit of spring action.

Mounted longitudinally with respect to the frame, the torsion bar is shackled at one end and terminated in a gear



GAYLORD CONTAINER CORPORATION

General Offices: SAINT LOUIS

CORRUGATED AND SOLID FIBRE BOXES
KRAFT GROCERY BAGS AND SACKS

FOLDING CARTONS
KRAFT PAPER AND SPECIALTIES

New York • Chicago • San Francisco • Atlanta • New Orleans • Jersey City • Seattle • Indianapolis • Houston • Los Angeles • Oakland • Minneapolis • Dallas • Jacksonville • Columbus • Tampa • Fort Worth • Detroit • Cincinnati • Des Moines • Oklahoma City • Greenville • Portland • St. Louis • San Antonio • Memphis • Kansas City • Bogalusa • Milwaukee • Chattanooga • Wealaco • New Haven • Appleton • Hickory • Greensboro



Get a line on CANADA!



SWEET music, the s-w-i-s-h of your line over a sun-splashed pool where big trout are hiding! How to find the big ones? Canadian National can tell you where they are — and take you there. This great System spans Canada from Atlantic to Pacific — serves every Province and the Dominion's finest playground areas. It operates railways, steamships, express and telegraph services. Its all-year and resort hotels extend from coast to coast. Each hotel has a distinctive character of its own!

Ask Canadian National for information on vacations, resources, farm lands, industrial sites. And whether your trip is for business or pleasure, let Canadian National, America's largest railway system, help you with your plans.

No passport needed — Your U. S. dollar goes farther in Canada.

Canadian National Offices in the U.S.—Boston, Buffalo, Chicago, Cincinnati, Detroit, Duluth, Kansas City, Los Angeles, Minneapolis, New York, Philadelphia, Pittsburgh, Portland, Me., San Francisco, Seattle, St. Louis, Washington, D.C. For industrial information on Canada, write Canadian National Railways, Dept. of Research and Development, Montreal, Que.

CANADIAN NATIONAL

TO EVERYWHERE IN CANADA



box forward of the axle at its other end. The gear boxes function as torque dividers, equalizing the load on each torsion bar regardless of the varying movement of the wheels and giving the axle freedom of movement independently of the frame and body.

Fruehauf points out that in tandem its gravity suspension has the ability to "lean in" on turns, thus counteracting the normal centrifugal force which tends to tip conventionally sprung vehicles toward the outside.

SPRAYED-METAL CIRCUIT

A process under which the wires in a radio circuit are replaced by metal sprayed into channels in a plastic chassis in one operation has been adopted by the Promenette Radio & Television Corp., Buffalo, organized last October.

With this method, the company asserts that it will turn out receiving sets ten times as fast as with the assembly methods used to produce its conventional sets, substantially reduce maintenance costs, and make possible lower prices. A production line is now being set up to make a five-tube set.

After all the component parts have been put into place, the chassis is covered with a mask with lines cut out where the various connections are to be made, and the chassis is placed in a sand blaster which cuts the channels. Then the first mask is removed and a clean one put over the assembly. The chassis goes into a metallizing machine, and molten metal is sprayed into the sandblasted grooves. The sprayed metal forms strips about one-tenth of an inch wide and one five-thousandths of an inch thick and eliminates completely the use of a soldering iron in the assembly operations.

PENICILLIN CHEWING GUM

As a treatment for trench mouth, penicillin is now incorporated in chewing gum, troches, or lozenges. The new form of the drug is said to be a boon to pediatricians.

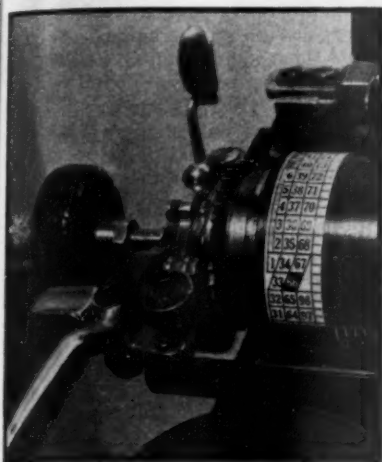
Navy doctors recently reported favorably on the use of penicillin for trench mouth in 400 cases. Army doctors have been more cautious, being reluctant to designate penicillin an out and out specific against trench mouth, while reporting favorably on the use of the drug. The Journal of the American Dental Assn. declares the new drug is being used increasingly by dentists in treating trench mouth.

Topcillin Chewing Troches, paraffin base chews each containing 25,000 units of penicillin, are being manufactured by E. R. Squibb & Sons to retail at six for \$2.75. Troches are marketed by other manufacturers (BW—Sep. 22 '45, p. 58).

NEW PRODUCTS

Help for Typists

Typists always have difficulty in determining when the bottom of the page is approaching and exactly how many lines of space remain. To overcome this trouble, the Typulator, a new plastic typing-line indicator, has been developed. Marketed by the Typulator Sales Co., Box 252, Dayton 1, Ohio, it is



intended to prevent spoilage from poorly centered letters, overrun bottom margins, crowded signatures, paper slippage from typing too low, and uneven margins on reports and manuscripts.

It attaches to the typewriter roller like a Band-Aid bandage to the finger. In using it, the typist sets the top edge of the paper even with the top of a colored number block which is the total number of lines on the particular paper used. How many more lines of space are available on a sheet at any time is indicated by the number even with the typing line.

What appears to be three columns of figures on the indicator is a spiral arrangement of the numbering to accommodate different sizes of paper.

Extremely Sensitive Relay

So sensitive that it operates in delicate electrical control circuits on the minute currents produced by thermocouples and photocells, a new magnetic relay developed originally for the aircraft industry is called a means of "shrinking" mechanical design by eliminating intermediate amplifiers. Operating on the inverted d'Arsonval galvanometer principle, it has a permanent magnet which rotates a shaft to move a contact arm as current flows through two stationary coils.

Developed by the Instrument Division of Thomas A. Edison, Inc., West



*"If this vault caught fire,
we'd lose 56 years' records!"*

Give a record vault fire the slightest chance to gain headway... and thousands of irreplaceable papers may go up in smoke.

And... a water extinguishing system may damage the records just as badly as the fire itself!

How Record Vaults are Protected

A Kidde extinguishing system offers the ideal fire protection for areas where valuable papers are stored.

Dry, fast-acting carbon dioxide — discharged by its own energy through shielded Kidde nozzles, quickly fills the entire vault.

It extinguishes blazes at any level from floor to ceiling. It even penetrates into closed metal shelves and filing cases, killing fires inside.

It keeps fire damage to a minimum — and does no damage itself. There's no water-soaking of records — no chemical attack on paper. No after-fire mess to be cleaned up.

A Kidde system does the job automatically — putting out fires at any time of day or night — whether vault is attended or not. Give your records this kind of protection. A Kidde representative will be glad to discuss details with you.

Walter Kidde & Company, Inc., 326 Main St., Belleville 9, N.J.

The word "Kidde" and the Kidde seal are trade-marks of Walter Kidde & Company, Inc.



Kidde

**FIRE PROTECTION
HEADQUARTERS**

Don't Spend So Much Time Machining Forgings

Drop forgings made on older board drop hammers require too much time to machine, inasmuch as the forgings must necessarily be made to more generous tolerances because of misalignment of dies, more or less rocking of frames, etc. Consequently more stock must be allowed, more time for machining—all of which adds to the cost of the part.

Today's rising labor costs demand lower production costs. New Chambersburg Board Drop Hammers will satisfy that demand. They not only forge to closer limits but they forge faster and their maintenance costs are at a minimum. Investigate.

Motor-driven or belt-driven.

Write for Bulletin 252-2

CHAMBERSBURG ENGINEERING CO.
Chambersburg Pennsylvania

Orange, N. J., the compact, lightweight, vibration-resistant relay is sealed against dust and weather.

Rifle Weeder

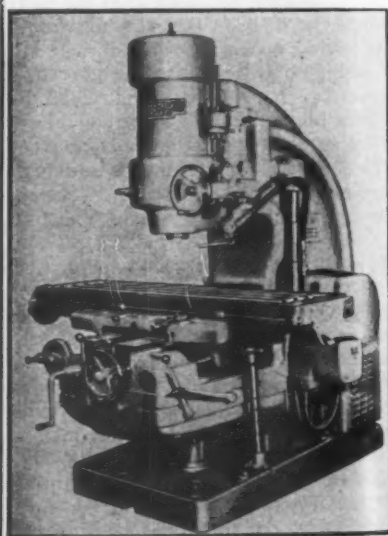
In an attempt to make sport of weeding the lawn, the Colson Corp., Elyria, Ohio, has developed the Rifle Weeder which shoots the extracted weed into a basket some feet away. Consisting of two telescoped steel tubes with a curved handle on one end and hardened steel prongs on the other, the tool permits weeding from an erect position. As it is pushed down around a weed, a collar slides upward on the tapered prongs to close them tightly around the root, and the downward pressure simultaneously cocks the "rifle." Then the weeder is twisted right and left, pulled up with the weed, and fired at the basket by squeezing a trigger in the handle.

Broken-Drill Extractor

Capable of lifting about 25 times its weight and of holding on small, uneven surfaces, a 1-lb., new-type Alnico magnet lifts drill bits and broken drill rod from rock-drill holes to save redrilling. Dings Magnetic Separator Co., 509 E. Smith St., Milwaukee 7, makes it in 1½ to 1½-in. diameters for fastening to the face of an old drill bit, a length of drill rod, or a wooden pole.

For Carbide Milling

Research in the application of carbides to milling problems has resulted in a line of vertical and horizontal milling machines designed to meet three requirements—increased rigidity, high



horsepower, and a uniform flow of power to the spindle. Introduced by Kearney & Trecker Corp., Milwaukee, the machines have a massive solid-back column

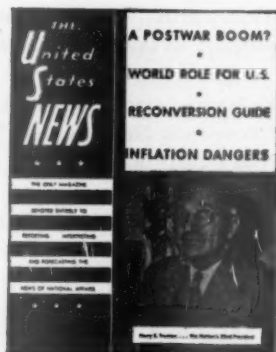
CHAMBERSBURG

Builders of **IMPACT** Machinery

New Problems on AMERICA'S DOORSTEP

Governmental policies on pricing . . . employer-employee relations . . . profit squeezes . . . these and hundreds of other problems are coming up every day to plague the key management men of American business. To analyze, dissect and explain the meanings of these problems is the sole function of The United States News—organized and written for more than 250,000 of the most important people in the country.

Because of the intensity with which The United States News is read, it is an essential and economical advertising medium for reaching the key men who authorize large corporate purchases—for reaching them at the time that they are reading the news content from cover-to-cover.



The Direct Route to those who O. K. corporate purchases

DANIEL W. ASHLEY

Vice President in Charge of Advertising

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

"... I read it each week and think it is one of, if not the best magazine published for businessmen."
George E. Stringfellow, V.P., Thomas A. Edison, Inc.

★ **90.1%** OF THE SUBSCRIBERS READ IT EVERY WEEK FROM COVER-TO-COVER ★

*Forced
Recirculation*

PROVIDES ALL THESE
ADVANTAGES IN . . .

Clayton

STEAM GENERATORS

FULL PRESSURE
IN 5 MINUTES

AUTOMATIC
OPERATION

MAXIMUM
EFFICIENCY

MINIMUM
SPACE, WEIGHT

READY
TO INSTALL

EXPLOSION
PROOF



Produces high quality steam at full working pressure within 5 minutes from a cold start.

Operation is fully automatic. Generator instantly adjusts output to minimum or peak demand.

Thermal efficiency is 75% to 80% throughout entire range. Steam is produced as it is used.

Space requirements are reduced two-thirds. Weight is 50% less. Compact overall dimensions.

Generators come complete, ready to connect and operate. No additional equipment is required.

Easy to operate . . . require minimum maintenance. Explosion proof, shock proof.

Present production is limited to six sizes: 10, 15, 25, 50, 75 and 100 horsepower. All are capable of working pressures up to 150 lbs. Write for Illustrated Booklet S-3.

CLAYTON

MANUFACTURING CO.
ALHAMBRA, CALIFORNIA

MANUFACTURERS
OF
STEAM GENERATORS,
CHASSIS AND ENGINE
DYNAMOMETERS,
KERRICK CLEANERS,
HYDRAULIC VALVES

with the spindle drive cross-mounted on the base, a center spindle bearing to reduce deflection, a 20-, 30-, or 50-hp. motor, and a heavy flywheel on the spindle to supply stored power for smooth operation. Power is transmitted to the spindle through multiple V-belts, and a selection box provides 16 quick-change speeds from 50 to 1,250 r.p.m. in approximate geometrical progression.

Table-feed rates are variable through 32 steps from $\frac{1}{8}$ in. to 90 in. a minute.

Two-Purpose Filter

By sandwiching a precision-dyed yellow plastic and a polarizer between optical glass disks, Polaroid Corp., Cambridge 39, Mass., has developed a dual-function camera filter. The plastic does the work of the standard yellow filter, which blocks the ultraviolet and most of the blue light to increase sky cloud contrast. The polarizer heightens this effect, sharpens haze covered horizons, and controls reflections to reveal surface texture of the subject. The filter factor is between 4 and 5 for most of the standard photographic films.

THINGS TO COME

Produced accidentally more than a century ago, starch sponge only recently was found to have interesting commercial possibilities in two widely different uses—as a food and as a surgical dressing.

Made by heating a slurry of corn, wheat, or potato starch and freezing the resulting paste at 28 F to 3 F, the sponge is pliable and resilient when wet, pleasantly crisp and crunchy when dry. It will soak up several times its own weight of liquid.

Coated and impregnated with chocolate, it becomes a new confection, or it can be shredded and put into candy. When treated with a medicament, it can be inserted into a deep wound or operative incision, where it is converted to sugars by enzymes and absorbed by the body while slowly releasing the healing agent. As a backing on gauze, it could become a handy wet dressing.

- Developed and constructed by an engineering firm, a shaftless low-pressure pump awaits a manufacturer before it becomes available. Its impeller is a metal disk which is caused to wobble about its center by the shifting pull on its outer diameter of a magnet rotated by an electric motor. This movement of the disk forces liquid through the pump housing.

How to Master the Giant in Your Business!



Big Business can take an example from Jack the Giant-Killer of fairy-tale fame. When the Giant he was dealing with got out of hand he "cut him down" to his size. He knew that power came from control.

WHEN YOUR RECORDS—vital as they are—accumulate to giant proportions they become a liability because they take up valuable space which might otherwise be put to productive use.

You can keep every one of these records *without wasting space* by letting Microfilm-by-Microstat condense them by 98%! And microfilm records are so exact that they are admissible as legal evidence.

Our J-7 Camera-Projector has released thousands of square feet of space for profitable use by microfilming the records of 2,200 leading firms.

Soon, Microstat's revolutionary flow camera—The Fassel—will be available to Business in compact, streamlined, portable form. The Fassel is the only proven camera which microfilms both sides of a document without "bleeding". It has been operating for five years at a nationally known insurance company, where it has microfilmed millions of records with unprecedented speed and economy.

Ask about the Fassel at one of the addresses listed below. And don't allot any more valuable space to needless filing cabinets until you see what microfilming can do for *your business*. Address Department D-3.

YORK MICROSTAT CORPORATION 18 West 48th Street, New York City

A SUBSIDIARY OF YORK INDUSTRIES, INC.

| | |
|------------------------|--------------------------------------|
| NEW YORK..... | Microfilm Corporation |
| PHILADELPHIA..... | Chas. W. Speidel & Company |
| PITTSBURGH..... | Microstat Corporation of Penna. |
| NORWALK, CONN..... | Microstat Corporation of New England |
| JACKSONVILLE, FLA..... | Records Reduction Company |
| CLEVELAND..... | The Microfilm Corporation |
| DETROIT..... | Precision Microfilming Corporation |
| LOS ANGELES..... | Microstat Company of California |
| SAN FRANCISCO..... | Microstat Company of California |

| | |
|---------------------------|---|
| CHICAGO..... | York Microstat of Illinois, Inc. |
| HOUSTON..... | Microfilm Company of Texas |
| TORONTO..... | Microfilm-Microstat Limited |
| HAVANA..... | National Theatre Supply Company of Cuba, S. A. |
| MEXICO CITY..... | Sistemas De Reproducción S. de R. L. |
| RIO de JANEIRO..... | Companhia Auxiliar De Servicos De Administração |
| MONTEVIDEO..... | Uruguay Microfilm |
| BUENOS AIRES..... | Argentina Microfilm |
| INTERNATIONAL HDQTRS..... | Int'l Microstat Corp., 18 W. 48th St., N. Y. |

MARKETING

Compromise on Standards

Commerce Dept. revamps its setup, but won't leave the standardization and grade-labeling field altogether. Meanwhile A.S.A. launches new program, seeks consumer backing.

While Secretary of Commerce Henry A. Wallace has no intention of borrowing unnecessary trouble by beating the drum for standardization, grade-labeling, and such allied activities, he is by no means ready to throw away the Commerce Dept.'s franchise in these particular fields.

This is plain from a **between-the-lines** reading of the recent three-way exchange of correspondence among Wallace, the American Standards Assn., and Charles E. Wilson (of General Electric Co.), chairman of the department's policy committee on standards.

• **Broader Field for A.S.A.**—The correspondence stems from the report originally submitted to Wallace by the Wilson committee last June (BW-Jul.7'45,p21). This report recommended, in part, that the Commerce Dept. withdraw from the work of developing and publishing voluntary commercial standards, relinquishing this activity entirely to the A.S.A. Simultaneously, A.S.A., the biggest private organization in the field, launched a reorganization program designed to equip it ultimately to deal with a much broader range of projects, including standards to be set up for ultimate consumer goods.

The Wilson report also suggested that Commerce's National Bureau of Standards confine itself, in future, to purely technical and scientific work, and that the two divisions of the bureau which have had the job of initiating and promoting commercial standards—Trade Standards and Simplified Practices—be transferred to some other niche in the department where, presumably, they would function primarily as a liaison with A.S.A. and other private groups.

• **Transfer Approved**—This latter suggestion Wallace has now accepted. As soon as budgetary and legislative formalities are out of the way, the two divisions will be transferred to Commerce's revamped Bureau of Foreign & Domestic Commerce. This move, plus a modified nomenclature for voluntary standards adopted under government auspices, will meet in part the criticism advanced by the Wilson report (and seconded by A.S.A.). The criticism was that such standards, when issued

under the formidable aegis of the Bureau of Standards, have appeared to have a force which they do not actually enjoy, since their use by the various members of a trade has not been compulsory.

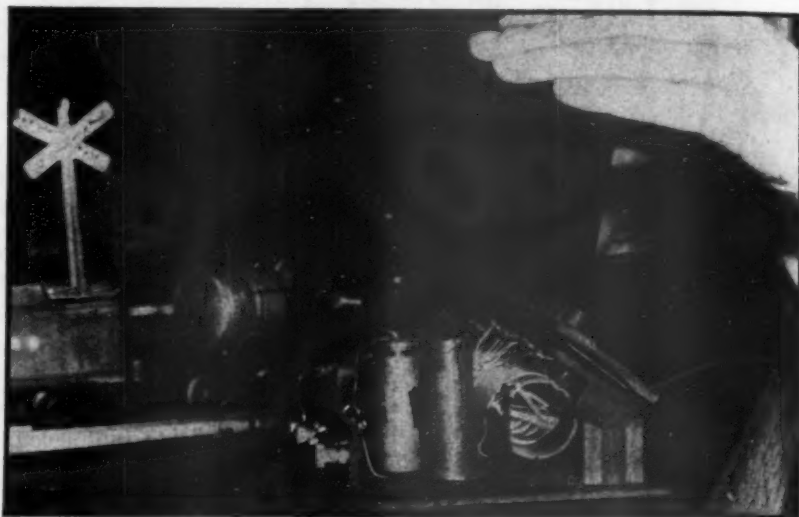
Under the setup now planned, such standards will be issued hereafter by the Bureau of Foreign & Domestic Commerce, rather than by the Bureau of Standards.

• **To Expand Promotion**—Thus, Wallace has balked at accepting the Wilson report's most important recommendation—that the Commerce Dept. cease to develop and publish commercial stand-

ards entirely. Present plans are that the two divisions marked for transfer from the Bureau of Standards will continue this work and (if funds and authority are forthcoming from Congress) in time expand it to include a greater measure of publicity and promotion (activities eschewed by the conservative Bureau of Standards) plus economic studies of the need for standards in various industries.

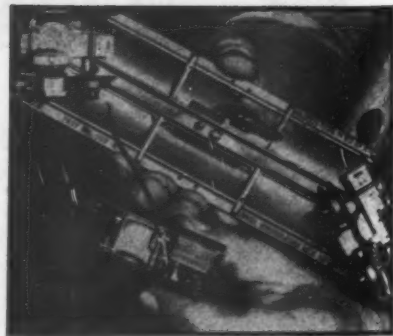
This decision reflects the thinking of many officials within the Commerce Dept. itself. It is also a concession to most consumer groups, and to a few business groups, which are skeptical as to the extent that A.S.A.—which had its origins and still draws most of its sustenance from the engineering and allied fields—will succeed in broadening its activities.

• **Consumer Attitude**—It was at Wallace's suggestion that the Wilson report was submitted late last year to a group of consumer leaders who had felt slighted at the failure to consult them earlier in the proceedings. This group included, besides government consumer specialists, representatives of the American Assn. of University Women, the



ELECTRONICS IN TOYLAND

Electronically controlled toy trains are promised for Christmas, 1946, by Lionel Corp., New York. Miniature radio receivers (right) are incorporated in each car and auxiliary pieces—such as log loaders. Each is tuned to one of ten predetermined radio frequencies, and when corresponding buttons on the transmitter (above) are pushed, medium frequency waves are generated, activating the equipment anywhere on the track—up to within about 8 ft. from the transmitter. Such feats by ordinary trains are



limited to certain track sections. The electronic train, which also puffs smoke, will cost about one-third more than comparable electric models.

at the
from
continue
thority
in time
measure
activities
reau of
ies of
indus-

American Home Economics Assn., the Congress of Industrial Organizations, and the American Federation of Labor. Consensus of this group, in addition to a general demand for the development of practical standards for consumer goods, was that the Commerce Dept. should continue, and even take steps to expand, its work with commercial standards.

Some Disappointment—Like most compromises, Wallace's standards program is not likely to prove entirely pleasing to any group. A.S.A. officials, while looking forward to a smoother working relationship with the department, are disappointed that their views have not been more fully accepted. They still cherish the hope, probably without too much justification, that as the association broadens its scope the Commerce Dept. will gradually withdraw altogether from the field of commercial standards.

Consumer leaders, who remember Wallace as the ardent champion of the Old Tugwell bill in his days as Franklin Roosevelt's Secretary of Agriculture, are sad that he now shows so little zeal for consumer standards.

Aside from a speech by Undersecretary Alfred Schindler before the Advertising Club of New York early this year to assure business that the Commerce Dept. did not intend to revive that old bogey, grade-labeling (BW-Dec.29'45, '55), Wallace and other Commerce Dept. officials have been saying as little as possible about standards. Wallace has trouble enough already without rattling the skeletons in the standards closet. Whatever work the department does in this field will be carried on as quietly as possible.

Not a Burning Issue—Even without trying, however, Wallace should not have too much trouble dodging the most controversial problem—the development of consumer goods standards. While standardization in the industrial field has received a big boost in this war, as it did in the last, consumer goods standards simply are no longer the burning issue that they were back in the thirties, or even in the early days of the war, when they were hotly championed by OPA. Professional consumer leaders are too preoccupied with the cost of living and other problems, and the average consumer generally is too concerned with getting goods at any price to inquire whether he is getting his money's worth.

Meanwhile, A.S.A. is going ahead with plans to give consumers, retailers, and manufacturers of ultimate consumer goods, a bigger voice in its councils. A new A.S.A. executive committee, headed by Howard Coonley, an old hand at standardization and wartime chief of WPB's Conservation Division, is plugging for a vastly expanded

The Ben Hur of Business



The modern accountant reins all findings on facts, and has a fetish for complete freshness, since the many steeds of business, finance, production, distribution, policy... only current and comprehensive prepares the figures for tax filing data gives a sound basis for all and claims, wage arbitration, O.P.A. sound interpretations!

applications, cost analysis, budgets, banker's statements... holds in hand a lot of lines.

A management advisor, he spots danger signals, green or red lights... aid the profession by making the present, plans futures... bases all vital facts available faster.



THE McBEE COMPANY

SOLE MANUFACTURERS OF KEYSORT

295 Madison Avenue, New York 17, N.Y... Offices in principal cities

ACTION
WHEN YOU
NEED IT FAST

PLASTICS ENGINEERING AND DESIGN

Consultation, functional analysis, product styling or restyling, selection of correct materials, design of molds, dies, tools, model making . . . by the creators of more successful plastic products than any other similar organization in the world.

**Complete Service to
Industry**

MACHINE DESIGN • TOOL
DESIGN • ELECTRONICS EN-
GINEERING • PRODUCT CRE-
ATION, ENGINEERING AND
DEVELOPMENT • DRAFTING
TOTAL PROJECT ENGINEER-
ING • PACKAGE DEVELOP-
MENT

12
ANNUAL
AWARDS
FOR PLASTIC
DESIGN

BARNES & REINECKE

INDUSTRIAL DESIGNERS
AND ENGINEERS
230 E. OHIO ST. CHICAGO 11

STAFF OF 181
TWELFTH
YEAR

WRITE DEPT. B FOR
16 PAGE BARNES & REINECKE BROCHURE
"SHORT CUT TO RECONVERSION"
NO OBLIGATION

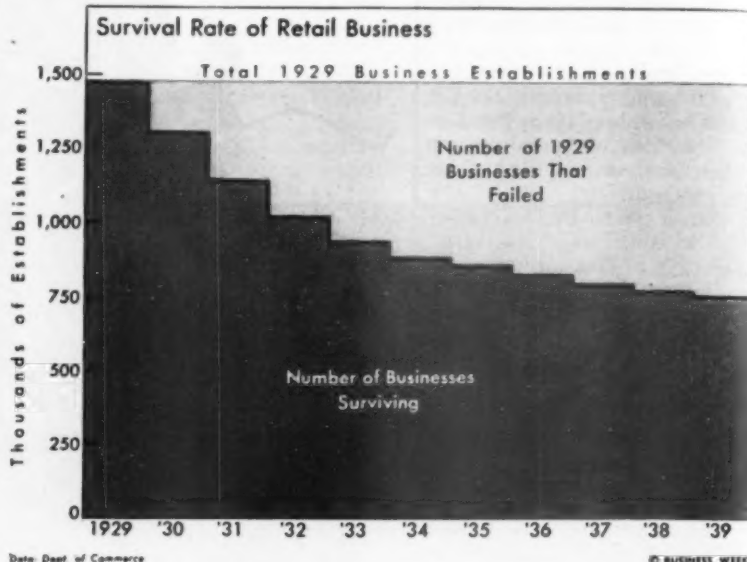
budget, financed on a much broader base.

• **What Consumer Wants**—Most interesting current development in consumer goods standardization stems from neither the A.S.A. nor the Commerce Dept. On the somewhat logical theory that laboratory technicians cannot develop such standards until they have a

much better idea of what the consumer wants in the goods he buys, the National Research Council and the Social Science Research Council have recently set up a joint committee to relate the one to the other. Including both standards experts and market research specialists in its membership, the committee is now getting its teeth into this job.

Age Improves Store Health

A venerable aphorism in marketing—bolstered from time to time by fragmentary statistics—is that retailing is a better way to lose your shirt than keep it. Now the Dept. of Commerce has probed into survival rates on a national scale, using census data from the 1929-39 decade. Its principal conclusion (chart below) is that of the 1,476,365 retail establishments operating in 1929, about half (752,959) were still in existence in 1939:



An important qualification to the death-rate is that the heaviest mortality occurs among infants.

By types of stores, combination grocery-meat establishments showed the highest rate of survival. After ten years, 85.47% were still in business. Strong showings were also made by milk dealers (81.05%), department stores (75.15%), filling stations (70.95%), hardware stores (69.92%), drug stores (65.80%), and lumber and building materials dealers (65.21%).

Lowest rates of survival were noted among cigar stores (25.60%), women's accessories stores (22.99%), radio and combination stores (22.09%), electrical equipment dealers (19.93%), soft drink, juice, and ice cream stands (18.50%), and heating and plumbing shops (15.45%).

Incidentally, geography seems to have little bearing on death and survival rates.

And, as might be expected, older stores have higher sales than young stores:

| Age Group | Independents | | | Chains | | |
|-------------------|---------------|------------------|-------------------|---------------|------------------|-------------------|
| | Average Sales | % of Total Sales | % of Total Stores | Average Sales | % of Total Sales | % of Total Stores |
| All business | \$20,000 | 82.13 | 94.96 | \$74,000 | 17.87 | 5.04 |
| Up to 1 year | 6,000 | 2.16 | 8.47 | 31,000 | .45 | .34 |
| 1-2 years | 12,000 | 3.82 | 7.36 | 88,000 | 1.26 | .33 |
| 3-6 years | 16,000 | 15.93 | 22.74 | 62,000 | 2.94 | 1.10 |
| 7-10 years | 18,000 | 12.57 | 16.25 | 76,000 | 2.85 | .87 |
| 11-20 years | 22,000 | 21.50 | 22.99 | 99,000 | 6.55 | 1.53 |
| 21-33 years | 28,000 | 11.77 | 9.90 | 95,000 | 2.00 | .49 |
| 34 years and over | 46,000 | 14.38 | 7.25 | 112,000 | 1.82 | .38 |

umer
Na-
social
ently
the
and-
cial-
ittee
job.



Throw Your Loop Over This One, Pardner

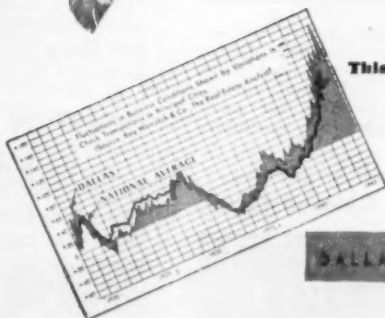


TIE into a **FORTIFIED** market in the most rapidly developing agricultural and industrial region of the nation—a market of 17 million consumers, with \$13 billions spendable income annually.

No business lag can touch all its diversified crops, industries and resources at once. Major depressions are short-lived in this **fortified** market which has always led the nation with its rapid and complete recovery.

In this vast region you can enjoy an almost depression-proof economy. Unfavorable crop season in one area is always compensated by bountiful yield in another. Income is sustained, not by just one or a few, but by many different resources, crops and industries.

Industry's eggs are never all in one basket in the **FORTIFIED** market of the Dallas Southwest.



This business fluctuation chart shows how the Dallas Southwest has led the march to recovery in depression years. In the book "The Dallas Southwest" you will find 64 pages of solid reasons why this amazing region, with its barely tapped natural resources, is truly America's **FORTIFIED** market. Send for your copy now.

DALLAS CHAMBER OF COMMERCE, DALLAS, TEXAS

UNIVERSITY OF MICHIGAN LIBRARIES



*Just as mariners
look for a familiar
lighthouse...*

**Buyers of Bond
Printing Paper Always**

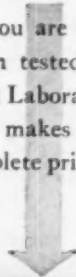
Look for the NEKOOSA WATERMARK

The Nekoosa Watermark is your assurance that you are using a *Pre-Tested* paper... a bond paper that has been tested and approved by the famous Nekoosa-Edwards Research Laboratory. Specify Nekoosa Bond with fullest confidence. It makes *every* job look better because it *prints* better. And, for complete printing satisfaction, always remember...

IT PAYS TO PLAN WITH YOUR PRINTER

One of the complete line of Watermarked Pre-Tested Business Papers manufactured by the

NEKOOSA-EDWARDS PAPER CO.
PORT EDWARDS, WISCONSIN



**SQUARE A 12x12
in 10 Seconds**



Mall Gasoline Engine Chain Saw.
Available in Many Cutting Capacities.

Heavy timbers and piling used in the construction of bridges, docks, trestles and large industrial buildings can be squared to size in a few seconds with a Mall Gasoline Engine Chain Saw. Use this simple-to-operate power saw right on the job—it is easy to handle and readily portable. Has stall-proof clutch, handle throttle and automatic oiling system. Cutting chain swivels for horizontal, vertical or any angle cut. Pneumatic and Electric models are available. Also Electric Chain Sharpeners.

Write for name of nearest Distributor. Demonstrations can be arranged.

MALL TOOL COMPANY 7722 South Chicago Ave., Chicago 19, Ill.

★ 25 Years
of "Better Tools
For Better Work"

Mall
REG. U.S. PAT. OFF.

**PORTABLE
POWER TOOLS**

Food Merger

Seven wholesalers and processors combine as Airline Foods Corp. Later entry into retail field is possibility.

One of the biggest amalgamations in the food industry since formation of the Consolidated Grocers Corp. (BW—Feb. 23'46, p80) took place last week when seven wholesalers and food processors formed Airline Foods Corp.

• **Eying Retail Field?**—Unlike Consolidated, however—whose purposes were to pool wholesaling profits and managerial know-how, and to effect efficiencies in wholesale operation—Airline's purposes are something of a mystery.

The wholesalers involved have up to now been dealing only with the institutional trade, but it is rumored that Airline will eventually expand its activities into retail distribution, through voluntary retail chains. From that angle the amalgamation makes sense because (1) it will provide a more or less vertical flow of merchandise from producers to retailers; (2) it will guarantee manufacturers assured outlets, while keeping the wholesaler firmly in the picture; and (3) it might equalize profits all around.

• **Expansion Likely**—Jerome Jennings, head of Wallace, Burton & Davis Co., New York wholesalers to the institutional trade, and president of Airline, has stated that the present organization is a nucleus to which other firms will be added. Airline has just put out a \$2,520,000 stock offering made partly to finance such purchases. Control of the new company is held by officers of Wallace, Burton & Davis and Max Ams, Inc., New York processor of juices, jams, and bakery supplies.

Airline has already purchased stock in the Atlantic Macaroni Co., Long Island City (N. Y.) manufacturer of "Caruso" spaghetti products. Other firms now in the group are Richard Frank & Co., New York manufacturer of soda fountain supplies; Goodwin Preserving Co., Louisville processor of jellies, honey, and juices; Overbacker Coffee Co., also of Louisville; Herman Kussy Co. of Newark, a general wholesaler packaging for institutional buyers; and Hahn & Wessel, Inc., New York importers of mineral water.

DIGEST IN JAPANESE

For the past two years the Reader's Digest Assn., Inc., already expanded into seven foreign editions since 1940, has been casting speculative eyes at neutral and enemy countries alike as possible fertile ground for additional publishing ventures (BW—Oct. 9'43)

Things move more SMOOTHLY

when your plant's in a "CENTRAL" LOCATION

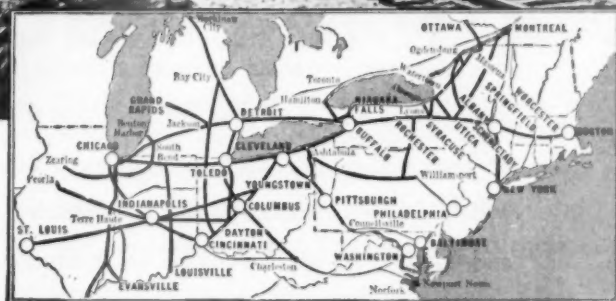
THE WATER LEVEL ROUTE

of New York Central follows gentle, low-level valleys between East and West ... affording maximum smoothness in the transportation of your goods.

THE ability to ship your products over the smooth Water Level Route is just one of the important reasons for locating your factory on New York Central. Other things, too, *move more smoothly* in this key area.

Here you will enjoy America's greatest concentration of industrial advantages. The nation's richest markets and largest seaports are here. So is 62% of its skilled factory labor. There's an abundance of low-cost electricity and pure water, while ready at hand is an unequaled variety of raw and semi-processed materials.

And linking them all together is the modern, 11,000-mile rail network of New York Central ... equipped to deliver fast, dependable freight and passenger service that can be closely fitted to the needs of your plant.



Ask about plant sites on New York Central

The Industrial Representatives listed below have a catalogue of government-owned industrial plants in this area. They are also prepared to carry out surveys to find special advantages you may need. Let them help you find the right spot for your plant or warehouse ... a location that will be "central" in every sense!

Industrial Representatives

| | | |
|------------------|----------------------------|------------------|
| BOSTON . . . | South Station . . . | A. E. CROCKER |
| CHICAGO . . . | La Salle St. Station . . . | H. W. COFFMAN |
| CINCINNATI . . . | 230 East Ninth St. . . | G. T. SULLIVAN |
| CLEVELAND . . . | Union Terminal . . . | A. J. CROOKSHANK |
| DETROIT . . . | Central Terminal . . . | A. B. JOHNSON |
| PITTSBURGH . . . | P. & L. E. Terminal . . . | P. J. SCHWEIBINZ |
| NEW YORK . . . | 466 Lexington Ave. . . | W. R. DALLOW |

In other cities, contact our nearest Freight Agent.

NEW YORK CENTRAL

The Water Level Route





TRAINED TO TAILOR GROUP INSURANCE PLANS TO YOUR SPECIAL REQUIREMENTS

The Aetna Life Group Representative is a specialist. He is trained to make a thorough-going analysis of your requirements. You will be impressed by his professional attitude. You will find him equipped to give you complete, authoritative service, backed by an institution which serves more employers than any other company.

**LIFE • PENSION • SICKNESS
HOSPITALIZATION • ACCIDENT**



AETNA LIFE INSURANCE COMPANY
FOUNDED 1850 • HARTFORD, CONNECTICUT

p52). This week it announced that Japanese and Australian editions will be inaugurated in May.

Both will carry advertising, as do six of the other seven foreign editions, to make them self-supporting in countries where the per-copy price can't be set so high as in the United States and Canada. Advertising will probably be added next year to the British edition, which also circulates in India, South Africa, and New Zealand.

The Japanese edition will be printed near Tokyo and will sell for 3 yen (18¢) a copy. Black-and-white page rate is \$175, guaranteed circulation 100,000. (The Digest estimates that Japanese eagerness for American news would boost this edition to 500,000 within six months if the paper supply permitted.) The Australian edition will be printed in Sydney, and will sell for 1 shilling (Australian) per copy. Guaranteed circulation is also 100,000 with a black-and-white page rate of £85 (Australian) or \$272.

Both these rates are the lowest yet offered by Digest foreign editions. The others, with the year each edition was established, are:

| | Guaranteed Circulation | Black & White Page Rate |
|-----------------------------|---------------------------|-------------------------------|
| Arabic (1943) | 125,000 | \$400 |
| Swedish (1943) | 275,000 | 550 |
| Danish (1946) | 100,000 | 325 |
| Spanish (1940) | 900,000 | 1,600 |
| Portuguese (1942) | 300,000 | 650 |
| Finnish (1945) | 100,000 | 325 |

P. S.

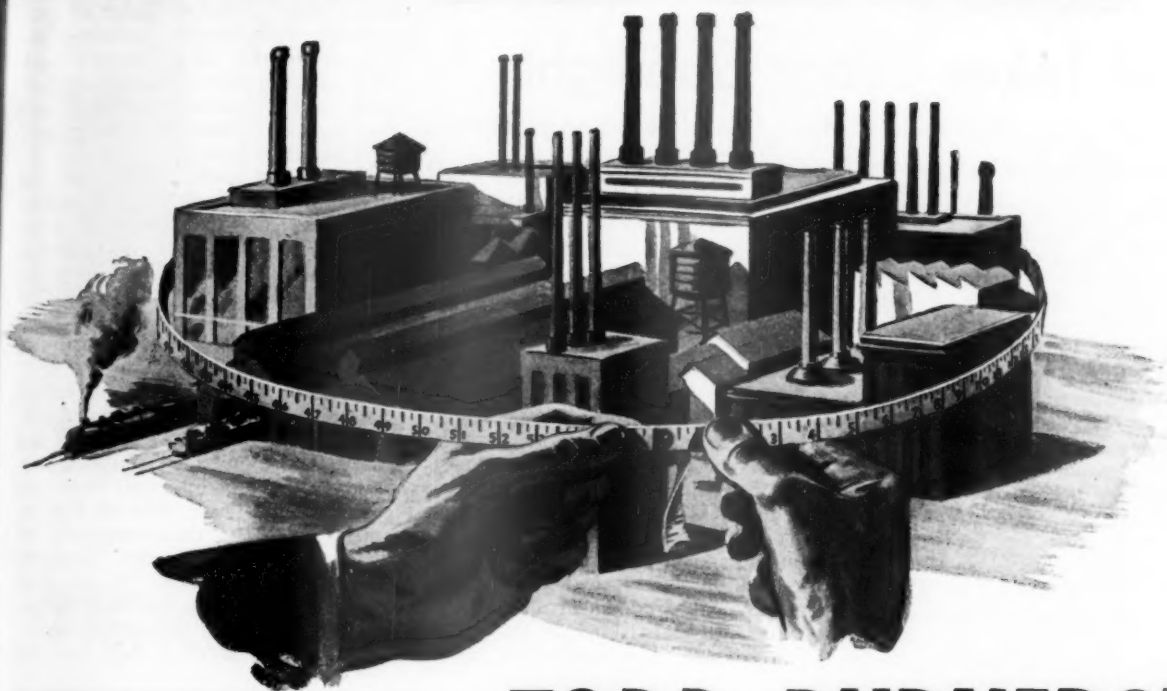
Wholesalers are getting worried over the fate of the cash discount. During the war they not infrequently winked an eye when the discount was illegally "forgotten," figuring it was better to lose a few dollars than lose the manufacturer's goodwill. Now some manufacturers are thinking about dropping the cash discount altogether on the grounds that future competition makes closer pricing necessary.

Shorter hours in taverns to conform to the cut in beer supplies are being contemplated. In Detroit, innkeepers are working out an informal staggered-opening system.

Signs of spring in Cincinnati: Used car dealers are launching heavy advertising campaigns to get more cars for warm-weather demand. Sample copy: "Get top dollars while prices are still high."

Television broadcasters, excluded from the newsreel pool that will cover the A-bomb affair in the Bikini Atoll, have formed a pool of their own. Look for increasing and venomous rivalry between newsreel companies and the television fraternity (which relies on filming an event where spot pickups are impossible).

REDUCE THAT POWER "WASTE-LINE"



MODERNIZE WITH TODD BURNERS!

IN MANY plants there is a "waste" that has gone unrecognized, year after year — a waste of fuel caused by inefficient combustion.

Today — when a reduction in operating costs can be an important element in holding down prices to meet competition — more and more plant managers are turning a critical eye upon their heat and power set-ups.

When you modernize your boiler room with Todd Oil or Gas Burners, you lay a solid foundation for heat and power economy.

Todd Burners — in case record after case record, which our engineers can show you — have cut fuel consumption as much as 10%, or more. At the same time power capacity was greatly stepped up and maintenance costs held to a minimum.

A Todd engineer will help you trim that power "waste-line." Many standard and modified types of Todd Burners are available and each job is individually engineered to provide the right application for the heat and power requirements of any industrial or commercial installation.

COMBUSTION EQUIPMENT DIVISION TODD SHIPYARDS CORPORATION

601 West 26th Street, New York 1, N. Y.

NEW YORK, BROOKLYN, ROCHESTER, HOBOKEN, NEWARK, PHILADELPHIA, CHICAGO,
SO. PORTLAND, ME., BOSTON, SPRINGFIELD, MASS., BALTIMORE, WASHINGTON, DETROIT,
GRAND RAPIDS, TAMPA, GALVESTON, HOUSTON, MOBILE, NEW ORLEANS, LOS ANGELES,
SAN FRANCISCO, SEATTLE, TACOMA, MONTREAL, TORONTO, BUENOS AIRES, LONDON



LABOR

Coal Takes Labor Spotlight

Ultimatum from mine workers' chief darkens an otherwise brightening production picture in which General Motors steps up back-to-work march. Nonferrous metal pinch is still a threat.

John L. Lewis' blunt warning to bituminous coal mine operators, that his United Mine Workers of America (A.F.L.) will terminate its contracts Sunday night unless a settlement is reached on its demands, at midweek brought to a head critical negotiations seeking to avert another setback for industrial reconversion.

Lewis announced that no contract extension was being considered by his 400,000 soft coal miners, who will "stay home with their families" until an agreement finally is achieved.

• **Some Bright Spots**—The U.M.W. chief's long-expected ultimatum lowered a new and dark shadow over the nation's otherwise considerably brightened labor horizon.

In a change of heart, General Motors speeded its recall of C.I.O. automobile workers, and dropped its threat to keep all plants closed until a minority of local unions, continuing their strike until plant grievances are settled (BW-Mar.23'46,p102), consent to resume work.

G.M. still took the position that it was "impossible to return to normal production as long as certain of our plants are not operating," but said it had been given definite assurances that the 19 hold-out local unions would return to plants as soon as make-ready work is completed.

• **Easier Sailing**—Smoothing over of the newly ruffled waters at G.M. gave reassurance that the automotive industry, like the steel industry and a large part of electrical manufacturing, can have easier sailing as long as coal supplies are ample and there is no pinch from strikebound nonferrous metal parts and supplies.

Major headache among the old strikes at midweek was that at the Westinghouse Electric Corp. plants, idle ten weeks. After last week's fruitless exchange of offers (the company offered a 15.1¢ hourly rise interpreted by the C.I.O. electrical workers union as only 9.7¢ increase; the union offered to resume work for 18½¢ more an hour and arbitration on other issues), the federal mediators, Arthur S. Meyer and William H. Davis, decided to call it quits. They informed Secretary of Labor Lewis B. Schwellenbach that no useful purpose

would be served by further efforts on their part. In Washington, government labor officials were left racking their brains for a new—and acceptable—approach.

• **Copper Miners Out**—Extension of the nonferrous metal strike to Phelps Dodge Corp. mining and smelting operations at Douglas, Bisbee, and Morenci, Ariz., and Tyrone, N. M., increased industrial concern. With 20,000 members of the C.I.O. Mine, Mill & Smelter Workers Union on strike, 75% of the nation's copper production and 55% of its total output of lead have now been cut off, and shutdown of most sources of the raw material means that a further tapering off of production can be

expected as stockpiles begin to dwindle.

Settlements already reached in brass plants—Scovill Mfg. Co., Bridgeport (Conn.) Brass, and a Los Angeles fabricating plant of Phelps Dodge all have approved 18½¢ hourly increases—indicate clearly the C.I.O. union's wage price for resumption of work, but other issues, such as pricing and federal subsidy questions raised by management, kept the strike going.

Federal fact-finders named to clear up controversial issues held first sessions this week. On the three-man panel were George E. Strong, Washington attorney; Judge James H. Wolfe of the Utah Supreme Court; and Dr. Carl Borgman, head of the Chemical Engineering Dept. of the University of Colorado.

• **Agreed on Wage Hike**—Other federal labor aides met with International Harvester management representatives and C.I.O. farm equipment union spokesmen in Washington, and there was growing indication at midweek that the critical tie-up of the company's ten plants would end shortly. Company and union had settled on an 18½¢ hourly wage increase, but were still divided over the other contract clauses.

In the coal industry hope was not



HOLDING THE LINE—UNION STYLE

Fighting broke out anew last week at Yale & Towne's Stamford (Conn.) plant as state police tried to escort bespectacled Weldon P. Monson (above), counsel for the company, plus executives, and supervisory personnel through mass picket lines of International Assn. of Machinists. Some, including the plant manager, got through; others, like Monson, failed although police bucked the line nine times. Police held the gates this week when the union reduced its forces—temporarily. The strike scene came to life again when the management carried out its new "no-lockout" policy of blowing the plant whistle, opening gates to those wishing to work. Meanwhile, mediation efforts—including those in Philadelphia, where 1,500 machinists are also on strike—failed to bring the feuding parties any nearer a settlement in the five-month dispute.



It makes people want things

Nothing like the **HOLIDAY** spirit to stir up longings—to spark that spending mood—to make people say "That's for me . . . *I want it!*"

New cars, clothes, sporting goods, cosmetics and travel accommodations . . . money starts rolling when **HOLIDAY** takes hold.

Holiday

A CURTIS PUBLICATION

HOLIDAY is a fresh new magazine, with a spirit of get-up-and-do all its own. The **HOLIDAY** mood is an active mood—a Spending mood!

HOLIDAY, INDEPENDENCE SQUARE, PHILADELPHIA 5, PA.

UNIVERSITY OF MICHIGAN LIBRARIES



Engineering Research has Built Safety and Economy into **CONCRETE PAVEMENTS**

FOR nearly a quarter of a century portland cement concrete pavements have been carrying a large share of the nation's rapidly growing motor traffic, *safely and at low annual cost.*

The outstanding performance of concrete pavements is the result of years of productive research and engineering analysis carried on by federal, state, county and city engineers, engineering colleges and technical organizations. The Portland Cement Association is contributing to this highway technology through its continuing research work and educational programs.

As a result of the engineering advances made, concrete pavements usually *cost less to build* than other pavements of equal load-carrying capacity. They require *minimum maintenance expense* to carry safely the ever-

increasing volume of motor cars and trucks.

In addition to being the *lowest annual cost pavement* for all but the lighter traffic, concrete's skid-resistant, light reflecting surface makes it the *safest pavement* as well.

Your gasoline tax and motor vehicle funds will buy more highway service per dollar when invested in concrete pavements for inter-regional and main rural highways and for principal city streets.

In sections of the country where calcium or sodium chlorides are likely to be used for ice and snow removal, be sure your concrete pavements are built with **AIR-ENTRAINING PORTLAND CEMENT**. This new product is the answer of research to the problem of pavement scaling.

PORTLAND CEMENT ASSOCIATION

Dept. 3E-12, 33 W. Grand Ave., Chicago 10, Illinois

A national organization to improve and extend the uses of concrete . . . through scientific research and engineering field work.

abandoned for a compromise, but it was fading. Operators indicated they would be willing to grant an increase amounting to 18½ hourly and possibly approving a shorter work-week. But they still proposed any royalty on production for a union-controlled health and welfare fund, and maintained stubborn resistance to Lewis' demand for unionization of foremen (BW-Mar. 16 '46, p. 10). They appeared willing to accept a jointly financed fund to mitigate "unusual hardships," and to turn over to U.M.W. money now being collected for medical, hospital, burial, and benefit funds administered by operators. In return, operators demanded that the union assume further financial liability for wildcat strikes.

There was little expectation that Lewis would settle on operators' terms advanced primarily to get Lewis to put his demand cards on the table. So the operators were far short of Lewis' 1946 objective—gains which will overshadow any that have been achieved so far by C.I.O. in its long and costly industrial campaigning.



RUSTIC ASSEMBLY LINE

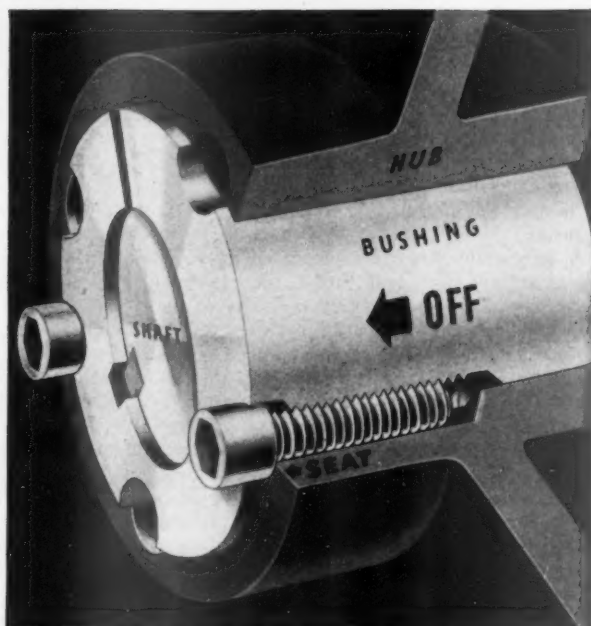
Skills learned in building B-29 bombers at Bell Aircraft's Georgia Division are bolstering southern peacetime industry at the small farm plant (above) of Smyrna Industries, Inc., near Smyrna, Ga. Aided by tips on alloy from Aluminum Co. of America, the plant has recruited about 100 local workers to make aluminum furniture and toys. The main "plant" is a barn with corn cribs and mule stalls ripped out, and an assembly line in the loft.

HERE'S HOW IT WORKS

... SIMPLE, ISN'T IT ?



Note that only the HUB is threaded. Screw-head seats itself against offset in bushing. As the screw is turned, the sheave is drawn up—wedged—with a firmness equivalent to a shrunk-on fit, whether the shaft is standard or normally undersize.



Note that here only the BUSHING is threaded. Screw-head seats itself against face of hub. As the screw is turned, the wedge is disengaged. Due to its steep taper, the bushing disengages with less effort than in any other sheave.



NEW TAPER-LOCK BRAND SHEAVE

Patent applied for



THE SYMBOL THAT CAME TO LIFE

The man who walks into your factory wearing this symbol is the living embodiment of a service which gives you the correct answer to your problems in efficient mechanical transmission of power. He is the Dodge Transmissioneer.

Here is the simplest, surest mechanism ever devised for holding wheels to shafts. No flange. No collar. No protruding parts. Easy on—easy off—and holds fast! Breaks all speed records in mounting and demounting. Slip it on, line it up and tight-

en while sighting... A complete range of stock sizes, from Dual Duty to C and D. For details call the Dodge Transmissioneer, your local Dodge distributor. Look for his name under "Power Transmission Equipment" in classified phone directory.

DODGE MANUFACTURING CORPORATION, MISHAWAKA, INDIANA

DODGE

MISHAWAKA

Copyright, 1946, Dodge Mfg. Corp.

NAME PLATE

FOR YOUR NAME PLATE REQUIREMENTS, WRITE OUR SUBSIDIARY,
ETCHING COMPANY OF AMERICA, 1520 MONTANA STREET, CHICAGO 14, ILLINOIS

THE LABOR ANGLE

Propaganda

Three trade publications (Editor & Publisher, Printers' Ink, and Tide) consider that "strike advertising" has now developed an importance worth appraising. In approaching the phenomenon of unions and management buying great amounts of newspaper space to influence the public attitude toward a labor dispute, each starts from a somewhat different frame of reference, but there are no contradictory conclusions. This is what some of the more significant findings seem to mean:

A large-scale strike has some of the aspects of war, and this is nowhere more apparent than in its propaganda as each side attempts to capture the support of the neutral public and change the loyalty of many supporters of its opponent.

There is a frank acknowledgment of this fact. The contending parties practice no self-deception nor do they make a serious effort to disguise their object for outsiders. General Electric, typically, in giving its advertising and publicity departments the strike assignment, set up a "propaganda headquarters" far enough away from the plant so that it could function despite a picket line which kept white-collar workers from their desks.

Keynote

From G.E.'s psychological warfare center, as well as from comparable units established by other companies, a stream of material emanated. While the newspaper advertising was the most notable, it was frequently part of a much more extensive program using press, radio, and films. For example G.E. conducted twice-a-day, five-minute radio news broadcasts focused on strike news, and the program was so carefully devised, reports Printers' Ink, that in Bridgeport, "largely a Catholic community, one of the men selected [as a newscaster] was an Irish Catholic."

The keynote of G.E.'s campaign, not essentially different from that used by other struck firms, was that, "Nothing can be gained by striking that could not have been gained while remaining at work." Ads were used to sound the keynote through three approaches. There was a "hardship series," showing how much pay was being lost; a "community series," typified by the heading of

one ad, "Main Street pulls its belt tighter"; and an "intellectual series" concerned with such relatively complicated themes as the relationship between wages and prices. G.E.'s campaign operated in seven cities, the company says, cost \$4,500 a week.

Linage

Counting linage, Editor & Publisher reports that in G.E.'s home city, Schenectady, the striking union, C.I.O.'s United Electrical, Radio & Machine Workers, bought even more newspaper space than the company. The union used approximately 100,000 lines to G.E.'s 60,000.

The union, again in common with other labor organizations involved in strikes, had as its advertising keynote, "Back up the picket lines." Like the employer, it had three series of messages to carry, though these did not always meet the employer message on the same ground. The union classified its advertising thus: "institutional"—stating the union's position on the strike and its issues; "notices"—calling supporters to meetings, giving instructions to picket captains, etc.; and "messages directed to nonstriking groups"—such as non-striking white-collar workers.

Just as professional about its propaganda activities as employers, the U.E. and its fellow organizations now retain experienced copywriters.

Effect

How effective is such frankly partisan advertising? That's the question Tide addresses itself to by having the American Leadership Panel—a Gallup-like organization which queries "leaders"—ask in the labor, management, farm, Negro, veteran, and press-radio fields.

Not very much at all, is the answer offered. Although it was found that an amazingly high readership (better than 90% in many cases) was attracted by the ads among the group polled, "the influence scores for the ads were not very high."

The conclusion about the advertising campaigns seems to be that while they escape a common pitfall—the two sides are not talking only to their own partisans as the wide readership shows—they are of small consequence in making new friends and influencing people to change their point of view.

Uneasy Shoreline

Bridges' longshoremen are set for walkout on Apr. 1 unless pay demand is met, but Curran plans may postpone action.

Events are moving toward a showdown in the Pacific Coast longshore industry. Harry Bridges and his C.I.O. International Longshoremen's & Warehousemen's Union are talking strike.

To those who remember the paralysis of business and the bloodshed that accompanied the waterfront strikes of 1934 and 1936, that is ominous talk.

• **Far Apart**—The I.L.W.U., speaking for 15,000 longshoremen employed in two dozen ports from Seattle to Long Beach, and the Waterfront Employees Assn., bargaining representative for 20 stevedoring and shipping companies are far apart on wages.

If no agreement has been reached by Apr. 1, the deadline authorized by the union membership in a secret poll, walkout is automatic.

One recent development may head off the strike. Last week, Bridges made public a proposal by Joseph Curran of the C.I.O. National Maritime Union that the longshoremen defer their strike.

• **United Front?**—Curran's idea was that the forthcoming consolidation meeting of the seven unions in the maritime industry (BW—Feb. 16, p. 94) would make an ideal forum for discussion of united action against all branches of the industry, seagoing and waterfront.

Since the merger meeting is scheduled for May 6 in San Francisco, approval of Curran's proposal would at least postpone a waterfront strike until midspring.

Longshoremen on the Pacific Coast are paid \$1.15 an hour for a day of eight hours, six at straight time and two at time and a half. They are demanding \$1.50, the hourly rate which prevails on the New York waterfront.

• **Offer Raised to \$1.38**—Employers offered \$1.33, an increase of 18¢ an hour, and provisions for paid vacation. When this was rejected they raised the offer to \$1.38 without paid vacations.

Union negotiators are determined to close the 35¢ gap between East Coast and West Coast hourly rates. Employers counter that their offer of \$1.33 figures out to a greater income for the eight-hour day that is standard on both coasts (\$12.42 in the West, \$12 in New York) because New York employers pay only straight time for the first eight hours.

• **Penalty Clause Sought**—A second point of disagreement is the employer demand for a penalty clause to indemnify

eline

men an
1 unles
Curran
ion.

a sho
longsh
is C.I.O.
& Was
strike,
paraly
that a
strikes
s talk.
speakin
loyed
to Lon
employe
for 20
npanie

ched b
by th
poll,

y hea
s' mad
rran o
Unio
r strik
a wa
idation
in th
16'4
m fo
nst a
g an

sch
o, ag
uld a
unt

Coas
ay o
an
e de
whic
unt.
loyer
e' a
tions
d th
ns.
ed b
Coas
plo
1.3
th
both
Ne
pa
tigh

on
ers
em

Servel Gas Refrigerators
leaving the assembly line—
sealed in many important
places with Presstite Seal-
ing Compounds.



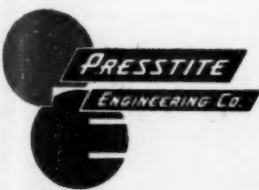
PRESSTITE
"Permagum"

Used Extensively in Sealing SERVEL Gas Refrigerators

Another example of the widespread acceptance and use of Presstite Sealing Compounds is the sealing of many parts of the famous Servel household refrigerators with "Permagum" and other Presstite sealers. The successful performance of any refrigerator depends in large measure upon successful sealing — moisture *must* be excluded — throughout its entire life.

Servel, like other well-known manufacturers of refrigerators and other equipment, relies upon Presstite Sealing Compounds for many vital sealing operations.

Many of America's largest manufacturers, in a wide variety of industries, have proven — by test and experience — the superior qualities of Presstite Sealing Compounds and Presstite's ability to solve their individual sealing problems. Our experience, laboratory and research facilities are always at the service of *any* industry. Just send us your own sealing requirement and we'll recommend or develop the best sealer for the job at hand. Write today.



PRESSTITE ENGINEERING COMPANY • 3936 Chouteau Avenue • St. Louis 10, Mo.

UNIVERSITY OF MICHIGAN LIBRARY

Effective March 27th, 1946

the corporate name of the

CHICAGO MAIL ORDER COMPANY

was changed to

Aldens INC.

★

This change was made for the convenience
of our customers and will in no way affect
the policy or management of this company.

ROBERT W. JACKSON
President

★

GENERAL OFFICES: 511 SOUTH PAULINA STREET, CHICAGO
BUYING OFFICES: 200 MADISON AVE., NEW YORK; 186 LINCOLN ST., BOSTON

nify employers against wildcat strikes and the employees against lockouts.

Last week the waterfront employers and the I.L.W.U. agreed on conditions for distribution of \$8,000,000 in retroactive pay increases to longshoremen, a directive last summer lifting base rates from \$1.10 to \$1.15, the National War Labor Board made the increase retroactive to Oct. 1, 1944. Distribution was delayed until the government agencies for which longshore services had been performed during the period retroactively agreed to reimburse waterfront employers.

Seniority Issue

Washington hopes an early U. S. Supreme Court ruling will end confusion in rehiring veterans. Management is on the spot.

Concern is increasing in Washington over conflicting federal court decisions on legality of Selective Service's "superseniority" demand for veterans previously employed. Capital officials hope that the U. S. Supreme Court will clarify the issue by acting quickly on an appeal filed for Abraham Fishgold, Brooklyn welder and former serviceman, recently denied job precedence over nonveterans (BW-Mar. 9 '46, p. 5).

• **Management on Spot**—Federal court decisions so far have been evenly divided between support for superseniority, and declarations that it has no legal basis. The result has been a muddling of veteran re-employment policies which has put management decisions in the middle, liable to damage suits either from veterans illegally denied employment, or from nonveterans displaced by veterans with less on-the-job seniority in violation of a union contract.

Two federal district courts have upheld the right of veterans to reclaim former jobs and to continue in the firm for a guaranteed one year regardless of whether, in layoffs, workers with greater job seniority must be discharged. To other district courts have upheld the reinstatement right but have taken the position that once back on the job, veterans must fit into seniority lines conforming to provision in union contracts and accept layoffs in accordance with that list, without special privilege.

Fishgold, in district court, was held to be entitled within the one-year period to a job as long as one was available but by a 2-1 decision in the federal court of appeals this guarantee was withdrawn.

• **Veterans May Sue**—The reversal, plus immediate union pressure for management to throw out policies of adherence to Selective Service's superseniority policy.

OPERATORS WHO KNOW PREFER MONROE

The engineering skill behind Monroe's thirty-year leadership is responsible for the unique advantages of the Monroe Calculating Machine shown in use below. **AUTOMATIC SHORT-CUT MULTIPLICATION** is an exclusive and startling feature of this machine; and to the operator the unrivaled feather touch of all functioning keys means "easy to operate".

There is no "decimal fatigue" with Monroe . . . the all-important decimal is automatic and correctly placed . . . no spacing of the multiplier by pushing zero keys to achieve correct decimalization. Monroe removes decimal doubts:

Among its many other advantages are easy and silent action, flexibility, simplicity, locked-figure keyboard, automatic division—and the famous Monroe "3-series" dials, about which you can get full information from the nearest Monroe representative. Learn, too, about the "Velvet Touch" operating advantages of Monroe Accounting and Listing Machines—how they streamline modern mechanical accounting. Sales and service available through our own offices in all principal cities.

Ask for our new book of time-saving Payroll Methods.

Monroe Calculating Machine Co., Inc., Orange, N. J.

Monroe Fully Automatic Calculator
Model AA-1



209-11-092

Monroe Adding-Listing Machine



209-685-191

Monroe Accounting Machine

MONROE

CALCULATING • LISTING • ACCOUNTING MACHINES

How many "mental sit-downers" have you in your organization?

"In every factory and store, among office workers and salesmen, costly 'sit-downs' have been going on for a hundred years—*mental sit-downs*", says Craig Davidson. "Commands to do thus and so have met with mental sit-downs which have been just as effective in blocking production and sales as any physical sit-down that ever stopped an assembly line."

"That is one reason why this book," he goes on, "should be useful to any man whose job is to get other men to do their work right. It should visualize for him *what causes mental sit-downs* and *what to do about them*."

Getting Things Done in Business

By EVERETT B. WILSON

Director of Porto Rican Trade Council,
Formerly Assistant Director of Personnel,
Kroger Grocery and Baking Company

Second Edition, \$2.50

"An executive's success depends squarely on two points: whether he has good ideas and whether he can get his ideas actually and properly used." This book deals with methods of getting your ideas used efficiently. It tells how to get policies, plans and instructions carried out as they were designed to be carried out. It is in effect a working manual on leadership. It tells how to secure effective and intelligent cooperation.

Have you seen the Revised, Fourth Edition Hutchinson's STANDARD HANDBOOK FOR SECRETARIES

616 pages, 6 x 9
\$3.00

CAN you depend on your secretary to handle any assignment judiciously, quickly, correctly? Can you depend on her English?—her smooth and efficient handling of people? Here is a new book that spells better results in all work of the secretary. Placed in your secretary's hands it will be invaluable in assuring the correctness of correspondence, in eliminating error, in promoting good relations, in providing a wealth and variety of information that will enable her to handle many details of work with more satisfaction to you.

Gives you many practical ideas on:

- What are the real reasons why subordinates disregard instructions?
- What can be done to get instructions carried out efficiently?
- What are the disadvantages of driving?
- How can you improve subordinates' attitudes?
- How can you really check performance?
- How can you criticize subordinates effectively?
- How can you develop responsible subordinates?
- How can you dispose of alibis?
- What is the technique of developing enthusiasm?
- How can you guard against troubles of jealousy?

Examine this book for 10 days

SEND THIS MCGRAW-HILL ON-APPROVAL COUPON

McGRAW-HILL BOOK CO., Inc., 330 W. 42nd St., New York 18, N. Y.

Send me the books checked below, for 10 days' examination on approval. In 10 days I will pay for the books, plus few cents postage, or return them postpaid. (We pay postage on orders accompanied by remittance.)

- ☐ Wilson—Getting Things Done in Business, \$2.50
☐ Hutchinson—Standard Handbook for Secretaries, \$3.00

Name

Address

Position

City and State

Company

BW-3-30-46

(Books sent on approval in U. S. and Canada only)



icy, added to employers' perplexity to their untenable position. If the solute job right of veterans is ruled out, there is precedent for action by nonveterans to regain lost to veterans, and to collect denied them during the period were laid off. And if veterans' superiority is upheld in the high court, veterans may sue for their old jobs any lost wages.

Seeking to relieve this accumulated liability, Rep. Andrews of New York has proposed House Resolution 71 which would permit employers to follow the directives of Selective Service, clarified finally in the courts, with financial liability. So far it hasn't anywhere.

• **Claims Held Up**—Meanwhile, Selective Service is sticking to its guns the superseniority policy, but is pressing any further cases or re-employment demands on employers pending Supreme Court decision. Veterans' file complaints are being advised hold their claims in abeyance, with understanding that if superseniority upheld veterans "will be entitled to reinstatement to their old jobs, and back pay."

Just how strongly Selective Service feels about this is indicated by instructions to area directors to continue process cases so that—if necessary—can be turned over to the U. S. district attorneys and the courts if superseniority wins.

TIPS COUNTED AS WAGES

New York service employees in eating and drinking establishments will have their tips counted with wages toward unemployment insurance benefits this year under a new system that resulted from public hearings conducted by the New York Labor Dept. (BW Aug. 18 '45, p. 102).

The department announced last week that service personnel may certify employers, in signed statements, the actual amount of gratuities received by them. Employers then will be required to report the amount as a part of the employees' wages, and to pay the state unemployment insurance tax on the full amount.

If employees do not certify actual amounts of tips received, employers henceforth must make estimates, earning reports and tax purposes, according to this schedule: (1) for regular service, 7½% of the amount charged for food and beverages served by employees; (2) for drug store and counter service, 5% of the amount charged; (3) for catered service, or banquet where tipping is permitted, an amount equal to cash wages paid employees. Previously tips were set at a straight 10% of the employees' table sales.

plexity
If the
is fin
t for
again
lect w
eriod
super
ourt, t
d jobs
umular
New Y
tion 5
to fol
vice, m
with
hasn't
le, Se
guns
it is
e-emp
pendin
rans w
vised
with
nion
ed to
and
Sera
instr
tinue
ity—th
distr
ersen
GES
in e
nts w
ages
bene
that
duct
(BW
st we
tify
ts, t
ved
equin
of t
e sta
n the
act
blo
s, a
s, a
egul
arg
y e
um
arge
que
nou
oye
aig
19



THE COUNTERSIGN OF DEPENDABILITY IN ANY ELECTRONIC EQUIPMENT



Electronics

WHEN THE HISTORY OF HEAT IS WRITTEN IN OIL

Cracking crude oil into lubricants, high-test aviation gasoline and a hundred other essential products, is accomplished primarily with heat. Here, as in other industries, the advantages of using electronic heat cannot be brushed lightly aside. Greater efficiency, control and production on the one hand; and almost always better products with greater sales appeal on the other.

The first point to remember in selecting electronic equipment is that such equipment can be no better than the electron tubes it employs. The second point to remember is that the equipment which utilizes Eimac tubes is backed by a double guarantee of dependability... one from the equipment maker, and another from Eimac.

EL McCULLOUGH, INC., 1118B San Mateo Ave., San Bruno, Calif.

also located at: San Bruno, Calif. and Salt Lake City, Utah
Sole Agents: Frazer & Hansen, 301 Clay St., San Francisco 11, Calif., U.S.A.

GET ELECTRONIC TELESIS—Don't overlook sending for your copy of *Electronic Telesis*—a 64-page illustrated booklet covering the Science of Electronics, in layman's language. There is no cost or obligation.

Outstanding performance and dependability have made Eimac tubes first choice of leading electronic engineers throughout the world

FOLLOW THE LEADERS TO

Eimac
REG. U.S. PAT. OFF.
TUBES

Electron Vacuum Tube Illustrated:
The New Eimac 3X-2500A3 External Anode Triode.

UNIVERSITY MICROFILMS
SERIALS ACQUISITION
300 N. ZEEB RD.
ANN ARBOR MI 48106



**ONLY
EXPERIENCE COULD
HAVE CREATED THIS MANUAL**

There had long been a need for an unbiased handbook on packing data for hydraulic and pneumatic applications—a need which Houghton filled in 1940 when it completed a 160-page manual. Thousands of copies were requested by engineers.

In 1944 we revised and reprinted this handbook, which is offered free of charge to plant executives responsible for packing maintenance.

The point is that only Houghton—with 40 years' experience in packings and with competent design engineers—was qualified to originate this authoritative material. Our main job, of course, is to supply the right type and design so that packings will last longer and hold better. We have a complete line, including VIM Leather and VIX-SYN synthetic rubber—all your needs from one source. For packing advice, write—

E. F. HOUGHTON & CO.

303 W. Lehigh Ave., Phila. 33, Pa.

*Service and sales in all
principal cities*

Houghton -

**CALLED FIRST
FOR 81 YEARS!**

Cannery Blockade

Strikeless tie-up continues in California while pressure for federal intervention to avert food crop waste is increased.

Amid mounting pressures for federal seizure of northern California fruit and vegetable canneries, the C.I.O. and A.F.L. unions whose conflicting claims of jurisdiction have choked production (BW—Mar. 9 '46, p. 88) showed no sign this week of abating the struggle.

Only a trickle of spinach and of other semiperishables as potatoes, carrots, prunes, hominy, and soups flow through the processing plants. Fears for the rest of the spinach crop, which can be absorbed in entirety by the fresh market, and for the early asparagus crop expected next week gave canners a powerful argument for some kind of intervention.

• **Trucks Halted**—There was no strike. Cannery workers, both A.F.L. and C.I.O., were available daily, although neither union had a contract. But pickets of the A.F.L. International Brotherhood of Teamsters, with their throttling hold on truck movements, refused to permit commercial delivery of products to plants which had not signed up with the teamsters as bargaining agency for cannery workers.

In that holdout category, placed there by the National Labor Relations Board, were canneries which process perhaps 80% of the northern California fruit and vegetables that move to market in tins and jars. This included the 61 cannery plants affiliated with California Processors & Growers, Inc.

• **Fall Elections**—NLRB conducted elections last fall at the C.P.&G. canneries and at several independent plants. The C.I.O. Food, Tobacco & Agricultural Workers Union, making its first serious bid for recognition in a field just taken over by the Teamsters from another A.F.L. organization, polled a plurality (but not a majority) in the C.P.&G. canneries over the Teamsters.

On Teamster charges of technical irregularities, NLRB voided the elections in February, a few weeks before the canners' contract with the Teamsters was to expire. Until new elections could be held, NLRB forbade the C.P.&G. and the independent canners whose employees participated in the fall voting to sign an exclusive bargaining contract with any union.

• **All or Nothing**—The C.I.O. was willing to negotiate a contract for its members only, but the Teamsters balked at limited bargaining. With the Teamsters it was all or nothing.

Some independent canneries yielded

ly to the demand of the Team-
and signed exclusive contracts.
whose employees voted in the
last fall, and hence were en-
in the NLRB's dictum
any exclusive contract, were
ed, on C.I.O. complaint, with
charges of unfair labor practice.
ance of charges did not impede
in those canneries. Production
aned at practical capacity.
ptions—Fractional operation was
le in a few other plants. In some
this was because the cannery
it the produce in on a rail siding
the rail brotherhoods ignored the
ster pickets; in others, the Team-
permitted growers (but not their
vees) to deliver produce through
icket lines.
arently the union hoped that this
hole in the dike would both culti-
farmers' sympathies and head off
utery from a food-conscious public
the union had halted all food pro-
on.

California's congressional delegation
d in the cry for federal intervention,
t midweek the deadlock held firm.

BONUS ISSUE CLARIFIED

us payments made on a monthly
must be included as part of an
oyees' regular rate of pay for com-
g overtime due under the Fair
Standards Act, even if the bonus
ement involves no contractual ob-
on, according to a recent decision
e Second (New York) United States
it Court of Appeals.

Dept. of Labor's Wage & Hour
ion has contended that bonuses
regularly actually constitute a part
ges. Many employers have opposed
newpoint, and in a test case involv-
the Richmond Screw Anchor Co.,
of New York, a federal court sus-
d management.

an appeal, the higher court found
the company was not legally re-
d to pay bonuses, that employees
the payments were not contractual
that they could not compel their
loyer to make bonus payments, and
the company was free to discon-
bonuses "if and when the company
ices indicated an unhealthy condi-
But the court passed over these
to base its decision on the "un-
ed, crucial fact [that bonuses] . . .
regularly paid," and that employees
efore had sound grounds for as-
ing they would receive the bonuses
g with wages.

aming employers to "examine their
loyment arrangements in the light
his case," the Wage & Hour Divi-
also called attention to the Na-
l Wage Stabilization Board's ruling
bonuses cannot be dropped with-
board approval.



For a Sound Solution to a "Sound" Problem— Install an RCA Sound System

An RCA Sound System "custom"
engineered to meet individual
requirements, is a remarkably
efficient tool for smooth co-
ordination of industrial plant ac-
tivities.

Paging facilities eliminate
waste time and motion by permit-
ting quick contact of key person-
nel. Sound broadcasts of an-
nouncements and special instruc-
tions provide complete and rapid
plant coverage. Safety talks, work
music and news broadcasts help
cut production delays and em-
ployee fatigue, provide an effec-
tive boost to personnel morale.
Inter-communication systems
provide more efficient contact be-

tween offices, stockrooms and
production lines, inspection and
shipping plant and maintenance
departments.

Any or all of these services can
be yours with an RCA Sound Sys-
tem—engineered for top efficiency
—built to suit specific needs of
"matched" parts that really work
together because they're all made
by RCA.

For full information consult the
classified section of your telephone
directory for the address of your
local RCA Sound Equipment Rep-
resentative or write direct to Dept.
21-C, RCA Sound Equipment Sec-
tion, Radio Corporation of Amer-
ica, Camden, N. J.

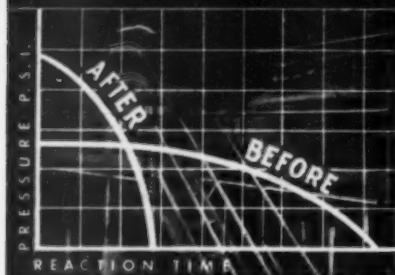


SOUND SYSTEMS

RADIO CORPORATION of AMERICA

ENGINEERING PRODUCTS DEPARTMENT, CAMDEN, N. J.

Faster Reactions...
BOOSTED PRODUCTION
with
**Pfautler
Glass**



If you could step up chemical reaction efficiency from 25% to 80% by merely increasing the pressure under which the reaction occurred, there wouldn't be much question about your decision. This is only one example among many resulting from Pfautler's increase of pressure limits on both its standard and custom-built glass lined steel reaction equipment.

Improvements in mechanical design plus greater resistance to all organic and inorganic acids (sole exception, Hydrofluoric), have broadened the application of this equipment within all branches of the chemical and food industries. Are you aware of possibilities along this line for your products? A letter from you will bring further information.

CHECK WITH PFAUDLER!

Pfautler glass lined steel equipment is designed for processing fluids in the complete absence of metal. It prevents acid corrosion, product contamination. Included in the line is a wide range of reactors, stills, kettles, mixers, heat exchangers, pipe, fittings and valves. The Pfautler Co., Rochester 4, N. Y.

Pfautler
ROCHESTER 4, NEW YORK
WORLD'S LARGEST MANUFACTURER OF
GLASS-LINED STEEL EQUIPMENT

U.A.W. Feels Oats

In spite of factional strife in convention, nation's largest union demonstrates vigor and what may be expected of it.

Close to 2,000 delegates from the "shop roots" of the U. S. and Canadian automobile, aircraft, and farm implement industries spent this week in Atlantic City as C.I.O.'s United Auto Workers, the nation's largest and most disorderly labor union, held its tenth convention.

Useful in furnishing insights into what can be expected of this strategically placed and frequently unpredictable organization, the convention was even more significant in being the most important labor meeting since V-J Day, thus indicating something about the postwar mettle of that section of American labor of which U.A.W. is more or less representative.

• **Starch Is Still There**—It must first be reported that the great C.I.O. strike wave just receded (BW—Mar. 23 '46, p96) has apparently exhausted neither the spirit nor the energies of the unions. The starch is still there.

U.A.W. did not hide its wounds. Its treasury is depleted; its membership cut back from the March, 1945, high of 1,242,569 to the last officially reported figure of 539,575 in December; its leadership bitterly divided into factional

groupings. But the will it showed the muscles it flexed were tough and strong, powerful enough to buck up militance to which it dedicated itself.

• **Dues Increased**—And none of wounds is fatal. U.A.W. raised dues from \$1 to \$1.50 per month. It will rehabilitate the union financially and establish a war chest for the future in the union's existence, through convention action in sequestering per member per month for a strike fund.

December, 1945, has proved to be the low water mark for employment U.A.W.-covered shops. Although 1946 figures were ready to be reported to the convention, it was officially stated that membership is rising sharply again. The union, with good reason it seems counts on stabilizing its membership around a three-quarter million level within the next six months.

• **International Conflicts**—Nor is factional division within the union fatal weakness. It may break the U.A.W. apart some day, as it may the C.I.O. but that day does not appear near hand. Left-wing and right-wing, and the factional groups which splinter from the two main blocs, carry on increasing competition for power, but is carried on within the organization.

Each tries to outdo the other in championing the welfare and the economic aspirations of the membership, for this has proved to be the way to win the widest support.

And if this competition often tends as it does, to become a contest of doggy which sometimes pushes the



Smugly triumphant, Walter P. Reuther, whose General Motors strike leadership was a stepping stone to the U.A.W. presidency, casts a pall over defeated R. J. Thomas (right) and secretary-treasurer George Addes, Thomas' stalwart



The Golden Crescent is **A MARKET YOU COULD FIND IN THE DARK**

IF you were to fly *The Golden Crescent* course at night—down through Michigan, across Ohio and Pennsylvania—you'd see a story of sales opportunities . . . written in lights.

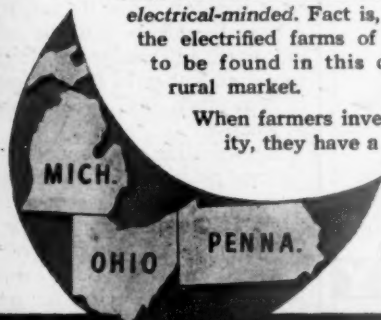
You'd see the great light clusters of metropolitan cities, the sparkle of small towns . . . but, *more important still*, the pattern of great farm lands in *The Golden Crescent* would also be traced in light. Because the three million farm folks in this area are *electrical-minded*. Fact is, 17.5% of all the electrified farms of America are to be found in this concentrated rural market.

When farmers invest in electricity, they have a score of uses

for it—not only for light but for power . . . power to operate modern farm machinery . . . power to operate the home appliances that these urban-minded people need and want.

More than merely wanting electrical appliances, they have the money to buy them—as evidenced by the \$107,500,000 that *Golden Crescent* farmers have already invested in electrical home and farm equipment.

You can reach this able-and-ready-to-buy market with your story—quickly—thoroughly—economically. Using no other media you can reach two-thirds of the farmers in this electrified area with *only three* publications . . . **MICHIGAN FARMER**, **OHIO FARMER** and **PENNSYLVANIA FARMER** . . . the farm papers these folks read “from cover to cover!”



The Golden Crescent

RURALLY RICH — POLITICALLY POWERFUL

Copyright 1946, Capper-Harman-Slocum, Inc.

OHIO FARMER • **MICHIGAN FARMER** • **PENNSYLVANIA FARMER**
CLEVELAND DETROIT HARRISBURG



PUT THEM WITHIN

Easy reach...

Your research men can't wait to "write for samples" when their experiments are under way. So send for samples of Alorco Aluminas now, to have ready on the shelf. We'll gladly send you a pound or a hundred pounds; yes, a ton, if the job's real "hot".

Have your men list the properties they're interested in. Alorco Aluminas are being employed in the preparation of important catalysts in the petroleum, rubber, and chemical industries. They're serving to dry air, gases, and many organic liquids where DRYNESS is vital. Chemical companies start with aluminas in making many products.

Send this list to the nearby Alcoa office. Or write ALUMINUM ORE COMPANY, 1935 Gulf Building, Pittsburgh 19, Pennsylvania.

ALUMINUM ORE COMPANY



Aluminas and Fluorides

SUBSIDIARY OF ALUMINUM COMPANY OF AMERICA

union into indefensible positions—as was revealed when Walter Reuther, leader of the G.M. strike, admitted that he never was serious in demanding that the company look at the company's books but "the company over a barrel"—it has some value in avoiding the stultification which can weaken a union once it falls under the control of a bureaucracy which the disaffected dare not criticize.

• **Firmly Intrenched**—Hence the handcuffs on U.A.W. are not too serious. How deeply it has taken root in the industry it blankets is seen in an analysis of the 1,343 contracts it has signed covering many more plants. Of these 39.3% give U.A.W. a union shop where no nonmember can be employed; 27.2% provide for maintenance of membership where near-100% U.A.W. majorities have to preserve their union membership in order to stay employed; and 33.5% (a steadily decreasing segment) provide no union security. Over 34% of the U.A.W. contracts grant the union a dues checkoff.

From this base U.A.W.—and in this regard it typifies C.I.O. unionism—move on two fronts: the industrial and the sociopolitical. There will be little that is unprecedented, except for the size, in the demands that the union will make on employers.

• **Wages and Hours First**—Being a labor union, U.A.W.'s foremost job is raising wages, shortening hours, and improving working conditions. But it appears inevitable that it will show more and more concern with matters which business stoutly maintains are the exclusive concern of management.

On the social and political front, however, U.A.W. may break some new ground. All such matters in which it now affirms a deep interest—like housing, international affairs, price control, grade labeling—have attracted the attention of unions in the past. But U.A.W. is clearly more determined to do something about them, and has more power with which to do it, than any other labor body.

And its interest in this field is not static. U.A.W. would be out of character if it didn't throw its weight around.

• **New President**—And the union was very much in character in electing as its new president until its next convention in September, 1947, 39-year old Walter P. Reuther.

Representing, as he does, the most extreme position in the organization on social, political, and economic action, while at the same time he is an anti-Communist, his election over R. J. Thomas, for whom C.I.O. chief Philip Murray had made clear his preference, signifies that a majority of the auto workers want to go as far and as fast down the road Reuther has mapped out as their leaders will take them.

nd of an Era?

Ouster of San Francisco I.A.M. leaders gives hope of more normal labor relations, fewer bare-knuckles bouts.

Indications are that Harry Hook and Edward F. Dillon, engineers of San Francisco's ill-starred strike of shipyard machinists (BW—Mar. 16 '46), have written their own ticket to oblivion.

If they have, then employers in the Golden Gate city are entering an era of realism in collective bargaining—as distinguished from the arbitrary, bare-knuckles relationship which has prevailed during the Hook-Dillon regime. **Strike Lasted 140 Days**—Until early this month, Hook and Dillon were business agents of Lodge 68, International Assn. of Machinists (A.F.L.), in good tremulous standing with the international union.

Last Oct. 29 they called a strike of their 8,000 followers in support of a demand for a 30% wage increase. Every machine shop in San Francisco—every shipyard, every factory employing maintenance machinists—was shut tight.

A fortnight ago the strike ended, on its 140th day, and the strikers returned to work. They were so directed by Hook and Dillon. But Hook and Dillon, by that time swinging from the yardarm of the I.A.M. for (1) calling the strike without international sanction, (2) collaborating in its prosecution with a C.I.O. union of machinists in neighboring Oakland, Calif., and (3) withdrawing Lodge 68 from the I.A.M. and reconstituting it as an independent ("dual") union, were no longer in position to give orders. **Brown Takes Over**—The orders which sent the machinists back to work were issued by Harvey W. Brown, international I.A.M. president.

Superseding Hook and Dillon, Brown negotiated a wage increase of 18%—and a resumption of closed-shop relations under which only machinists in good standing with I.A.M. are eligible for jobs. On top of that he got a court order to seize physical possession of Lodge 68, its offices, its bank accounts.

Hook and Dillon counseled their followers to go back to work, feign loyalty to the I.A.M., and mark time until the National Labor Relations Board could be induced to conduct an election.

• **Refuge With C.I.O.?**—Presumably the contest would be between the I.A.M. and the Hook-Dillon independent union, which has been barred by court order from calling itself Machinists Union 68. Or the deposed local leaders might seek C.I.O. affiliation.

It is doubtful that NLRB would dis-

BUXTON CHOOSES SOUNDScriBER

—the dictating machine with a thousand uses

"WE CHOSE SOUNDScriBER electronic dictating equipment because we liked its flexibility and its fidelity of reproduction," says Mr. Thomas A. Buckley, president of the famous makers of Buxton "Keytainers," "Stitchless" Billfolds and "Lady Buxtons." Mr. Buckley finds SoundScriber saves him time because the discs hold a full 30 minutes of dictation. He also likes the SoundScriber unbreakable plastic disc because it handles and files as simply as a letter.



MR. GEORGE HOWE, Mr. Buckley's secretary, had never used dictating equipment before. He finds SoundScriber easy to operate and is particularly pleased with the SoundScriber Soft Speaker because it eliminates bothersome headphones. Buxton also uses SoundScriber for recording staff conferences. Mr. Howe then plays these recordings back; the voices are so life-like that Mr. Howe identifies each one instantly. This enables him to edit and summarize the discussion, thus eliminating the necessity of a verbatim transcript.

THOUSANDS IN USE—THOUSANDS OF USES

Typical case histories of thousands of SoundScriber users read like fiction. The efficiency, versatility and simplicity of the Sound-

Scriber makes it a valuable business tool in any office. Get all the facts now on how SoundScriber can save you time and money.

SOUNDscriBER

Trade Mark



The SoundScriber story fills a book—well worth reading. Write for it now

- FIRST electronic dictating system
- FIRST in disc dictation
- FIRST in cutting dictating costs

Copyright 1946, The SoundScriber Corp.

The SOUNDScriBER CORPORATION, Dept. B-29, New Haven 11, Connecticut
Send sample SoundScriber disc, and full information.

NAME _____ TITLE _____
COMPANY _____
ADDRESS _____

WHAT KIND OF A BOSS ARE YOU?



If you okay an order for Eaton's Corrasable Bond, you're a boss to be loved, honored and obeyed! Why? Because Corrasable Bond saves time, paper and secretaries; erases without a trace! Eaton's Berkshire Typewriter Papers include a correct paper for every office need...an advantage worth checking into!

Write: Eaton Paper Corp., Dept. B-3

EATON'S BERKSHIRE



Typewriter Papers

PITTSFIELD, MASSACHUSETTS

FINE PAPERS FOR BUSINESS AND SOCIAL USE

TWO OIL FIELDS

Supplying
VITAL RAW MATERIALS FOR MAN AND MACHINES:

The cotton patch is an "oil field", supplying man and industry with an essential, preferred vegetable oil for making Shortening, Margarine, Salad Oil and other leading foods and industrial products.

Unlike petroleum fields, however, Cotton Oil Fields flow on, forever, in today's balanced farming and soil conservation program of the Cotton Belt. The Southern farmer has the soil, climate and "know how" to keep on growing cotton; and new, mechanized methods of planting, cultivating and harvesting promise a new era in efficient and economical production of cotton and cottonseed.

Educational Service
NATIONAL COTTONSEED PRODUCTS ASSOCIATION
INCORPORATED

614 Wilson Road, Dallas, Texas

COTTON
The Crop with a Future

Former Governor Gets Top Arbitration Job

The nation's highest paying labor arbitration job last week went to former Gov. Charles Poletti of New York (right), who succeeds the late Harry Hopkins (BW-Jul.14'45,p17) as impartial chairman of the New York women's coat and suit industry. At a \$25,000-a-year salary, Poletti will preside over one of the oldest collective management-labor relationships in the nation (established in 1910) and one which incorporates 40,000 workers and 1,300 firms.

• **Back From Army Service**—Poletti resigned from the New York Supreme Court in 1938 to make a successful race for lieutenant governor, succeeded to the governorship in 1942 when Gov. Herbert Lehman resigned. Later Poletti served as a special assistant to former Secretary of War Stimson and as an Army Military Government official in Sicily and Italy. He has been practicing law in New York since his return.

The job of impartial chairman was established in the coat and suit industry in 1924, to round out a "protocol of peace" which sought through collective bargaining machinery to avert recurrences of a long and severe strike. Poletti, chosen by a committee of union and employer representatives, becomes the sixth impartial chairman for the industry.

• **No Halt in Production**—Committeemen expressed confidence that

Poletti will "make a distinguished contribution to the industry's progress in enlightened labor-management relationships." Just what such relationships actually mean was demonstrated only a few weeks before the appointment when employer and employee differences over a vacation and health fund were settled, without interference with production, by a special arbitrator acting to settle the disagreement under the industry's labor peace machinery.



Charles Poletti

turb the historic pattern of relationships in the machine shops, shipyards, and allied fields on the Coast. Even if the labor relations board conducted an election, the I.A.M. would hold the high trump card—the opportunity of pioneering among the members at work.

Ironically, if Hook and Dillon had shown any tendency to compromise before Brown arrived on the scene, they could have negotiated the same terms which their defensive strategy forced them to accept later. And their iron grip on San Francisco would not have been broken.

C.I.O. WINS AT HIGGINS

For several years C.I.O.'s Industrial Union of Marine & Shipbuilding Workers has coveted jurisdiction over Andrew J. Higgins' New Orleans shipyards. There have been indications that the feeling was mutual, that Higgins, at odds with A.F.L.'s Metal Trades Council, would welcome C.I.O.

Last week a National Labor Relations Board election showed that, bar-

ring some unexpected development, Higgins is going to exchange 33 A.F.L. contracts for one with C.I.O.

In a runoff election to select a collective bargaining agency, employees of Higgins Industries, Inc., gave C.I.O. a surprisingly strong 892 to 684 victory over A.F.L., a victory margin which 78 additional challenged votes cannot upset. Although A.F.L. probably will find grounds for a routine protest—and has been maintaining its four-month picket lines at struck Higgins plants—C.I.O. spokesmen are predicting freely that new C.I.O. contracts for Higgins' one operating shipyard will be drawn and signed in short order.

Swinging the election to C.I.O. from a prior virtual draw (BW-Feb.9'46, p78) apparently were some 200 veterans, with a job record at Higgins, who were permitted to cast ballots whether or not they had been re-employed at the Higgins plant. Higgins had announced that he had broken off relations with A.F.L. in part because it had rejected contract provisions which would guarantee job rights for veterans.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

MARCH 30, 1946



Don't miss the long-term economic implications in the British move last week to:

- (1) Kill the century-old Liverpool cotton futures market.
- (2) Place all purchases of raw cotton for British industry on a governmental monopoly basis.

Despite London assurances that no precedent is set for over-all government buying of all basic commodities, the move strikes a blow at the whole private enterprise system of free trading in commodities.

Coming just when Congress is beginning its debates on the British loan (page 43), which specifically is intended to help London throw off wartime economic shackles, the development is viewed with special alarm as its implications are recognized by U. S. business leaders.

Whether the move—and Sir Stafford Cripps' blunt assertion that centralized buying will provide cheaper cotton than private enterprise—will deter Washington approval of the loan is to be doubted.

It can be expected, however, to create a persistent demand from U. S. business that Washington policy makers develop promptly a series of guarantees against further restrictive measures by the British, or by other recipients of U. S. financial aid.

Without some specific schedule to end wartime restrictive trade practices and an agreement to prevent the creation of new ones (even though ostensibly to meet temporary emergencies), Washington may as well abandon now its hope of rebuilding an unfettered multilateral trading system.

If, on the other hand, the warning provided by the British cotton move is recognized, the U. S. still has time to hedge its lending program with demands for minimum economic-policy cooperation from the borrowers.

Incidentally, world commodity brokers can learn a lesson from the British move.

Lancashire spinners have long protested bitterly against the country's cotton merchants because, instead of helping systematically to stabilize cotton prices, they were willing to gamble for bigger profits in a rapidly fluctuating market.

On the other hand, even disgruntled members of the industry admit they would have preferred drastic corrective regulation to complete abolition of the free market in cotton futures.

Dealers on the slightly less famous Bradford wool exchange are now nervously waiting to see what may happen to them.

Meanwhile, Britain—with a mixture of government control and bold venturing by private business—is making spectacular progress in boosting foreign trade.

British exports, following the government's rigorous drive to consign up to 50% of the current production in such important lines as automobiles, motorcycles, and bicycles for sale abroad, have jumped from a wartime monthly average of £22 million in 1944 to £60 million for February of this year (page 113).

At the same time, British Export Trade Research Organization

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MARCH 30, 1946

(BETRO), a voluntary association of 220 local industries which have banded together to boost their export sales through joint promotion and market research (BW—Apr. 14'45, p113), has opened offices in Stockholm and Cairo, and is about to name sales representatives in New York, Toronto, Buenos Aires, Johannesburg, Bombay, Shanghai, and Sydney.

•
Moscow is also making a dramatic bid for a larger share of world trade.

Though bitterly opposed to the Peron regime in Argentina, the U.S.S.R. has a trade delegation in Buenos Aires.

The Russians, in search of linseed, meat, hides, wool, and breeding stock for the replenishment of their devastated farm areas, are offering to deliver farm machinery, several types of military equipment, and limited supplies of oil in return.

•
Peron's easy victory in the recent election demands that Washington buckle down immediately to the job of creating a realistic Argentine policy.

Unless the U. S. moves fast and effectively—with Britain and the Soviet Union cooperating—shrewd President Peron will force or coax several neighboring countries into his profascist camp and the Pan American Union will be dead.

•
Opposition forces in Buenos Aires look for no pussy-footing by the victorious new president.

Angered by the efforts of his opponents, Peron almost certainly will use the present Farrel government as a cat's-paw in order to stage a quick show-down with headstrong forces that bucked him during the election. Then, when the cleanup job is completed, the new president will stage a grandiose inaugural, probably on June 4, to commemorate the third anniversary of the military revolution.

•
Other developments in Buenos Aires resemble Hitler's tactics after his victory in Germany 13 years ago.

(1) Officials of the Secretariat of Labor & Welfare admit that Peron will allow no settlement of the nationwide meat strike except on his own terms—which may yet demand nationalization of the packing industry, several of the largest units of which are owned and controlled in the U. S.

(2) A new decree, retroactive to Mar. 1, authorizes customs officials to expropriate 10% of all incoming newsprint and to seize 500 tons of newsprint from existing stockpiles held by the leading democratic newspapers—all of which will probably be used to pay off the half-dozen profascist newspapers which actively supported Peron during the election campaign.

•
You can expect from Berlin almost any day a detailed announcement of what is going to happen to German industry.

After months of discussion, U. S., British, French, and Russian Control Council authorities have reached an agreement on the amount of industry to be allowed the Germans.

When released, the report will list specific production and capacity levels industry by industry. However, Business Week scouts in the field have discovered that the whole plan is geared to a steel capacity of 7,500,000 tons, with annual production limited to 5,800,000 tons—or virtually the levels set by the Foreign Economic Administration in its recommendations three months ago (BW—Jan. 5'46, p19).

BUSINESS ABROAD

British Exports Jump Sharply

February volume reaches \$240 million as drive to push world trade gets favorable results. Short-term problem is mainly production; outlook for the long pull raises serious questions.

LONDON—Britain's foreign trade outlook has taken a sudden and spectacularly favorable turn.

February exports, disclosed this week, jumped to £60 million (approximately \$240 million at current exchange of \$4 to the £), compared with a monthly average in 1944 of only £22 million.

Talking Point for Loan—Following a January export bulge to £57 million, a trend is apparently established which indicates that British trade officials can meet their latest export goal—a 75% jump in export volume over prewar levels—by the end of 1947 instead of 1950 originally planned.

It is still a question whether this will convince Washington political leaders now considering the \$3,750,000,000 British loan (page 43) that Britain is a better postwar credit risk than some of them have predicted.

There is no doubt, however, that this striking new upward swing in British trade following the recent drastic mobilization of the country's industrial resources is creating a stir among foreign traders in the U. S. and in other competing countries.

Pressure Applied—On the basis of the present price level (85% above 1938),

achievement by London of the 75% boost in export volume would mean outgoing shipments in 1948 of about £1,550,000,000 (\$6,200,000,000), or a monthly rate of £130 million.

Since the record of exports (by value) shows an increase from a 1944 monthly average of £22 million to £60 million in February, 1946, officials expect that the monthly average for 1946 will be at least £65 million. By volume, the progress has been as follows: 31% of 1938 in 1944; 45% in 1945; 53% in the last quarter of 1945; and about 79% in February, 1946.

This expansion has not been achieved entirely by the free play of economic forces. In the case of manpower, workers have been urged to return to export industries, notwithstanding the pressing needs of the domestic economy. Between June, 1945, and the end of February, 1946, the number of workers engaged directly in export industries rose from 435,000 to about 1,150,000. The target is for 1,285,000 by mid-1946 and 1,555,000 by the end of the year.

• Export Goal of 25%—As for industrial output, the government's objective is to boost exports of manufactures to 25%

of total production, compared with 15% before the war. The Board of Trade has been urging specific export percentages on industry and can enforce them, if necessary, by limiting supplies.

Auto manufacturers, aiming at 1946 production of 470,000 private cars and 135,000 trucks, have set the export quota at 50% and 33%, respectively. Based on the average export price of last January, trade of this magnitude would return £75 million, compared with £6 million in 1938.

Export targets for other industries (with prewar percentages, when available, indicated parenthetically) include: bicycles 60% (20-25%); motorcycles 60% (15%); radios 38%; sewing machines 75%; machine tools 50% (33%); internal combustion engines 65% (about 60-65%); electric cables 30% (about 15%); grain-milling machinery 76% (between 50% and 56%); photographic goods 50%; watches and clocks 25% (7%); brushes 20% (10%); pianos 100% (7%); toys 20% (about 15%); nonpriority sports goods 40%; and mechanical lighters 60%.

• Textiles Limited—No export percentages for 1946 have been laid down for cutlery, pottery, and glassware, but during the last part of 1945 actual exports were respectively 29%, 42%, and 15%. At the same time, industry allocations for printing machinery, textile machinery, and power equipment are known to be relatively high.

According to official statements last month, 60% of January exports were of goods which are not ordinarily sold in shops, and of the remaining 40% only half were goods to which any form of consumer rationing has been applied.

In the case of textiles, the policy is one of limiting, rather than pushing,



NOT FOR HOME CONSUMPTION

On the Morris plant assembly line at Cowley Oxford, cars earmarked for overseas customers lend emphasis to Britain's determination to export a fat share of its national production to reestablish credit, to recapture markets. On the floor of a Broadway showroom in Man-

hattan (right), the English Standard (comparable to the Morris) bids for attention as Detroit hacks at its Gordian knot of labor and reconversion tangles. It's a token gesture; with the lightweight four-cylinder Standard costing \$1,500, British makers have small hope of even denting the U.S. market. However, in Britain's dominions and colonies, and in South America, it's a different story.

exports. About 13% of production of woolen piece goods is being exported, and about 20% of the total output of yarn is allocated to production of cotton piece goods for export. These allocations

are designed to fill Empire demands and to hold other valuable markets.

• **Better Merchandising**—To meet the export challenge, on another level, the government during the past year has

been streamlining and expanding its facilities for promoting export sales.

(1) The Dept. of Overseas Trade, for years jointly sponsored by the Foreign Office and the Board of Trade, has been

Significant Comparison: Soviet Goals, U. S. Output

In the light of Stalin's announcement of the Soviet Union's 1960 production goals—and of the current delicate international situation—key Soviet industrial objectives set for the next five years, when compared with previous production and with American prewar output (last column in table), assume special significance for American businessmen.

Heavy industry output, and transport, are scheduled for an increase to 50% above prewar (1940). Per capita output of industrial products is to be raised to a level equal with, or above, that of other major industrial countries.

By 1950 there are to be 1,300,000 metal-cutting tools (in this country there are now about 1,700,000—many of them war surplus).

• **Big Rail-Building Job**—To rebuild steel capacity to the 1940 level, and then carry it forward to 25,400,000 metric tons (about 28,000,000 U. S. tons), the Soviets plan to build 45 blast furnaces, 180 openhearth furnaces, 90 electric furnaces, and 104 rolling mills.

In addition to completing the re-

pair of 40,000 mi. of war-ravaged rail routes, the Soviets plan to build 4,482 mi. of main line (2,200 in Siberia). Some 7,650 mi. of secondary lines are to be built, and 3,300 mi. of trackage will be electrified, including the important 1,000-mi. line between Magnitogorsk (iron and steel mills) and Karaganda (coal and steel mills). Freight carried by 1950 is to reach 657 billion ton-kilometers, or 36% more than in 1940.

• **More Living Space**—While oil production scheduled for 1950 is far below the unreachd 1942 goal, development of new fields will raise the share of eastern areas to 36% of Russia's total, compared with 12% in 1940.

The Soviets calculate their building program in the new plan to total 73 million square meters of living space (that's about five times as much as in the city of Leningrad, which had a population of 3,191,000 prewar).

Goods available to consumers are to rise to two and one-half times the amount available in 1945—an abnormally low year. But rationing of

bread, cereal foods, flour, and macaroni is to be ended this year, and all other rationing by the end of 1947.

• **Reveals War Damage**—Comparison of the 1942 (Third Five-Year Plan) and 1950 (Fourth Five-Year Plan) goals reveals the amount of war damage sustained by the Soviet economy (estimated at about one-fourth of the national wealth).

The 1950 goals for pig iron, steel, petroleum, locomotives, paper, and leather footwear production are all substantially below the 1942 goal. The national income, too, is to reach only 96% of the 1942 goal (although it is to be 38% above 1940).

Most striking, however, is the fact that employment in 1950 is set at only 33,500,000. The fact that new workers are to be added at the rate of 1,250,000 a year during the next five years reveals that, despite the addition of new territories, manpower lost in battle (and including additions to the standing military reserves) has lowered the Soviet industrial work force to 27,000,000, or to about the 1937 level.

| | Output | | | | Goal | | U. S. 1935-39 Average |
|---|---------------------|---|--|------------------|---|--|-----------------------------|
| | 1913 | End of First 5-Year Plan 1932 | End of Second 5-Year Plan 1937 | 1940 | End of Third 5-Year Plan 1942 | End of Fourth 5-Year Plan 1950 | |
| Pig iron (million metric tons)..... | 4.2 | 6.2 | 14.5 | 14.9 | 22 | 19.5 | 28.6 |
| Steel (million metric tons)..... | 4.2 | 5.9 | 17.7 | 18.8 | 28 | 25.4 | 42.2 |
| Machinery and steel manufactures (billion rubles ¹)..... | 1.5 | 18.1 | 27.5 | 48.4 | 62 | 97.0 ² | ..... |
| Coal (million metric tons)..... | 29.1 | 64.7 | 127.1 | 166. | 230 | 250 | 409.4 |
| Natural gas (billion cu. meters)..... | ..... | .7 | 2.0 | 2.9 ³ | ..... | 11.2 | 63.8 |
| Petroleum (million metric tons)..... | 9.2 | 22.3 | 30.6 | 34.2 | 54 | 35.4 | 158.4 |
| Synthetic oil (thousand metric tons)..... | 0 | 0 | ..... | ..... | ..... | 900 | 0 |
| Aluminum (thousand metric tons)..... | 0 | 0.9 | 37.7 | 59.9 | 100 ⁴ | 100 ² | 113.5 |
| Copper (thousand metric tons)..... | 31.1 | 45.0 | 100.7 | 166.2 | 216.7 ⁴ | 266 ² | 671.4 |
| Synthetic rubber (thousand metric tons)..... | 0 | 0 | ..... | 50 ² | ..... | 100 ² | 209.3 ³ |
| Autos and trucks (thousands)..... | 0 | 23.9 | 200 | ..... | 400 | 500.0 | 3,855.3 |
| Tractors (thousands)..... | 0 | 50.6 | 80.3 | ..... | ..... | 144.0 ² | 217.2 |
| Locomotives (units)..... | 418 | 890 | 1,600.0 | ..... | 2,340 | 1,521 ² | 288. |
| Freight cars (thousands)..... | (14.8) ⁷ | (21.6) ⁷ | (66.1) ⁷ | ..... | (120) ⁷ | 94.4 ² | 26.4 |
| Carloadings (thousands daily)..... | ..... | 60.0 ² | ..... | 99 | ..... | 115 | 33.9 |
| Paper (thousand metric tons)..... | 197.0 | 479 | 831.6 | 812 | 1,500 | 1,340.0 | 4,955 ² |
| Leather footwear (million pairs)..... | 8.3 | 94.5 | 205.9 | ..... | 258 | 240.0 | 405.2 |
| Stockings and socks (million pairs)..... | ..... | 208 | ..... | ..... | ..... | 580 | 1,502 |
| Cotton (million metric tons)..... | .74 | 1.27 | 2.5 | 2.5 | ..... | 3.1 | 3.1 |
| Flax (thousand metric tons)..... | 330. | 500 | 570 | 575. | ..... | 800.0 | 4.0 |
| Sugar beets (million metric tons)..... | 10.9 | 6.6 | 21.9 | 22.2 | ..... | 26.0 | 8.7 |
| Grains (million metric tons)..... | 80.1 | ..... | 120.3 | 119.0 | ..... | 127.0 | ..... |
| National income (billion rubles ¹)..... | 21 | 45 | 96 | 128 | 184 | 177 | ..... |
| Employment (millions)..... | 11.4 | 22.9 | 27.0 | 30.4 | 32.7 | 33.5 | 34.1 |

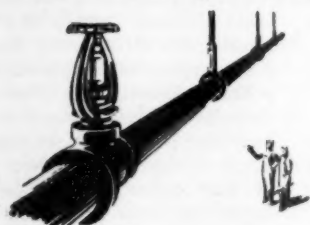
¹ At 1926-27 prices ² Estimated ³ 1939 ⁴ 1941 plan ⁵ U. S. data for 1939-43 ⁶ Average of new plan goal ⁷ Early data is in terms of two-axle units. New plan goal is in terms of four-axle units. ⁸ 1933 ⁹ U. S. data for 1933-37 ¹⁰ U. S. S. R. data: State Planning Commission

You're Paying for Fire Protection...

WHY NOT HAVE IT FOR YOURSELF AND YOUR TENANTS

A Grinnell Automatic Sprinkler System—the most effective protection against fire—usually pays for itself in reduced insurance rates over a reasonable period of time. Then, as a capital investment, it earns dividends that often can be reckoned in thousands of dollars.

SPACE-SEEKING TENANTS LOOK FOR GRINNELL PROTECTION . . .



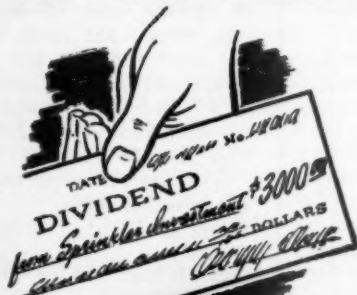
Prospective tenants know that Grinnell Protection reduces their insurance premiums, guards their tangible and intangible property from fire, protects them against the carelessness of other occupants and removes the possibility of temporary or permanent loss of business.

THIS IS CERTAINLY TO YOUR ADVANTAGE . . .



Your tenants' gains are your gains. Protected and prospering, they are profitable to you. And in competition, year after year, the Grinnell protected business quarters rent more easily and stay rented.

HERE'S HOW GRINNELL PROTECTION PAYS OFF . . .



A non-sprinkler-protected property, for example, paid \$5000 a year for insurance. Installing a Grinnell System reduced insurance premiums to \$2000, resulting in annual savings of \$3000. In 9 years, the installation paid for itself. The system then continued to pay a handsome return on the investment—plus safeguarding the entire property against fire.

ACT NOW! A nearby Grinnell engineer will be glad to discuss Automatic Sprinkler Fire Protection for your property. Grinnell Company, Inc., Executive Office: Providence 1, R. I. Branch offices in principal cities.

GRINNELL

DEVOTED TO THE DEVELOPMENT OF AUTOMATIC FIRE PROTECTION
SINCE 1873 . . . PROTECTING OVER SEVENTY BILLION DOLLARS
WORTH OF THE WORLD'S PROPERTY

UNIVERSITY OF MICHIGAN LIBRARY



Your banking needs
in Canada can
be fully met by our
500 Canadian
offices.

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

New York Seattle San Francisco
Portland, Ore. Los Angeles

ST. LOUIS SNAPSHOTS



You CAN do Business with BRITAIN

If you contemplate marketing or manufacturing in Britain, you will profit by the advice of experienced, expertly staffed consultants on

- ★ Market Definitions
- ★ Factory Location
- ★ Materials & Labour

Background particulars and estimates promptly supplied to your requirements.

• O.W. ROSKILL •

INDUSTRIAL CONSULTANTS
Engineers • Chemists • Economists
14 GT. COLLEGE ST., LONDON S.W.1

U. S. Correspondent: C. R. VAIL
745 5th Ave., New York 22, N. Y. PLaza 5-3152

taken over completely by the latter.

(2) The Foreign Office is expanding its own commercial services throughout the world.

(3) The credit facilities of the Export Credit Guarantees Dept. have been increased from £75 million to £200 million.

(4) The Board of Trade has set up twelve regional offices in Britain to advise manufacturers on export problems, and it is establishing a "Production Efficiency Service" to assist smaller firms with technical developments.

• **Hinders Modernization**—For the short run, however, the British export problem is primarily a production problem. Although labor is short and there is demand for diversion of goods to domestic buyers as an incentive to higher output, production is expected to rise rapidly so as to fill export needs and boost the supply of consumption items to the 1939 level by the end of this year.

More risky for the long pull than temporary starvation of the domestic market is the tendency to force manufacturers to concentrate on full utilization of existing plant at the expense of modernization essential to improving Britain's competitive efficiency.

• **Demand in Doubt**—Also, Britain is worried about the potential volume of world demand, particularly for manufactures, once the seller's market comes to an end. Britain's exports of manufactures constituted 20% of world trade in manufactured goods before the war, but it is estimated that to achieve a 75% increase in trade volume manufactured goods exports must be doubled. Many fear that world trade will not expand sufficiently to make this possible.

Some hard thinking is being done, too, about demand for the production of individual British industries; and it begins to appear that from this angle the expected downward trend of coal, cotton, and steel exports may not be as serious as has been feared. On the other hand, demand for products of the engineering industries may well be satisfied more quickly than anticipated, partly due to keen U. S. competition.

• **Crucial Issue**—Whatever the prospects for individual industries, the key to the future of British exports seems to lie in higher living standards in the countries with which Britain trades. This development can only come about through an increase in raw material and commodity prices (which is not to Britain's interest) or by larger purchases of these goods by the great industrial nations, the principal one being, of course, the United States.

Indeed, the import potential of the U. S. is regarded in Britain as the crucial issue for world trade and for the future of the British economy in a multi-lateral trading system.

CANADA

Income Floor

Bill proposed by Alberta Social Credit administration, would guarantee \$600 a year to all over 19.

OTTAWA—Alberta's Social Credit government—the only one of its kind in the world—has launched a new attempt to apply its unorthodox monetary theories.

In the provincial legislature at Edmonton last week, youthful Premier Ernest Charles Manning introduced "An Act Respecting the Rights of Alberta Citizens" which in effect would assure every citizen over the age of a minimum annual income of \$600.

• **Basic Assumptions**—Federal government law officers promptly went to work analyzing its terms to see whether it likely to impinge on federal jurisdiction as have some previous Social Credit legislative attempts. Like its predecessors, the measure proceeds from

World Motor Census

The war has created a tremendous market for new motor transport of all kinds.

The 1946 World Motor Census of The American Automobile (Overseas Edition) shows a total of 38,249,581 vehicles—a reduction of nearly ten million from the prewar peak of 48,157,177 cars, trucks, and buses. Outside the United States, the number of operating units was reduced by 42%. Even the United States sustained a loss of 3,852,312 units from the 1941 peak.

The major countries covered by the census include:

| | |
|-----------------------|------------|
| United States | 29,843,627 |
| Germany | 1,000,000 |
| Great Britain | 1,597,040 |
| Canada | 1,460,730 |
| Soviet Union | 1,060,000 |
| Australia | 805,000 |
| Union of South Africa | 343,420 |
| France | 310,000 |
| Argentina | 287,650 |
| New Zealand | 264,960 |
| Brazil | 200,050 |
| Mexico | 179,740 |
| Spain | 165,000 |
| India | 150,000 |
| Japan | 104,000 |

¹ Currently operating; prewar total about 2,000,000.
² 1941 estimate. ³ Rough postwar estimate.

INDIANA



Recreation for Your Employees

PEOPLE work better when they have room to breathe and ample facilities for outdoor recreation. Indiana has more than 1,000 lakes . . . 12 state forests . . . 13 state parks . . . a large number of state, city and privately operated swimming pools, playgrounds, golf courses, and other centers of healthful activity.

Establish your plant in Indiana, where workers produce more because they can relax in clean, peaceful surroundings. Employee morale is an important industrial factor. Make the most of it in recreation-rich Indiana!

INDIANA

Your LOGICAL
Industrial Location



★ Send for this
FREE BOOKLET
Get the Facts

INDIANA DEPT. OF COMMERCE AND
PUBLIC RELATIONS DEPT. N-5
STATE HOUSE • INDIANAPOLIS, INDIANA

THE MARKETS

(FINANCE SECTION—PAGE 1)

Security Price Averages

| | This Week | Week Ago | Month Ago | Year Ago |
|----------------------|-----------|----------|-----------|----------|
| Stocks | | | | |
| Industrial | 173.1 | 166.9 | 161.1 | 131.3 |
| Railroad | 64.3 | 62.4 | 60.8 | 48.3 |
| Utility | 90.9 | *88.7 | 83.9 | 59.7 |
| Bonds | | | | |
| Industrial | 124.6 | 124.5 | 124.2 | 123.2 |
| Railroad | 119.9 | 120.0 | 119.4 | 114.5 |
| Utility | 115.7 | 115.8 | 116.3 | 116.4 |

Data: Standard & Poor's Corp.

Reviving—But Still Nervous

In the last week or so, the stock market has managed to turn in a pretty fair over-all performance. Accompanying its move to higher levels have been somewhat larger, and livelier, trading volumes than had been disclosed since February's sharp "Bowles market" price spill put the Street on the hop executing selling orders.

Utility shares have been playing a leading role in the recent upswing. In fact, by early this week the Dow-Jones stock price average, due to an unbroken rise covering eleven consecutive New York Stock Exchange trading sessions, had reached a point only slightly under its earlier-registered 1946 high.

• **Blue Chips Swing Up**—Almost as buoyant, also, has been the D-J industrial average. By Tuesday it could boast of having recovered 70% of its sharp February losses, but it was likewise noticeable that much of its particularly sharp advance last week was the result of very big gains registered

by high-priced blue chips rather than important rises scored by the rank and file of the shares making up that index.

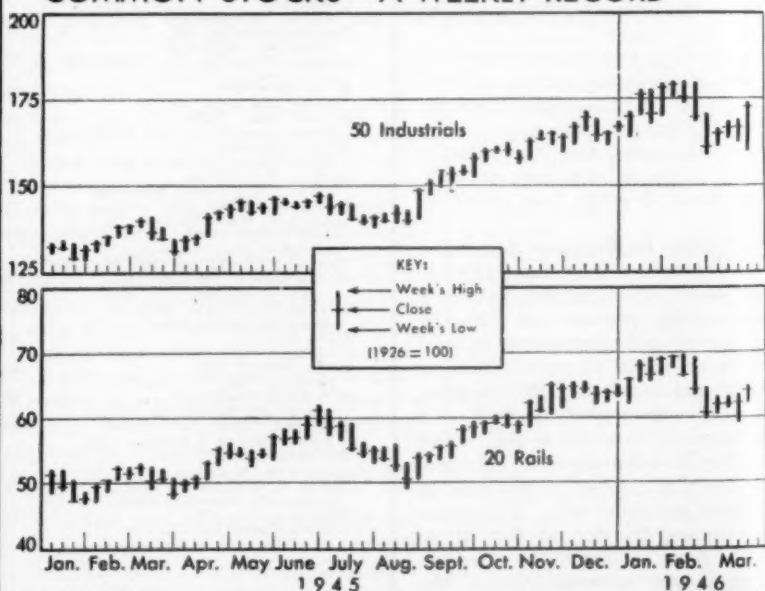
Far less satisfactory, however, has been the performance recently turned in by the rail section of the list. The group, doubtless hampered by the issue of unfavorable earnings statements, closed of late and the rail wage conference now in session, has been able to rally only slightly and at most has lately been lagging far behind the parade.

• **Many Still Unconvinced**—The improvement in stock market sentiment of late, according to brokerage boardroom comments, has been largely to easing of the recent international situation; a growing feeling that OPA will not prove as tough where price ceilings are concerned, earlier official remarks for public consumption had indicated; and to thought of the huge deferred demand for civilian goods that must eventually be supplied.

• **Worry Over Earnings**—This group, in fact, is far from certain current that the market has yet adequately discounted the many disappointing production and earnings reports they expect to see disclosed, at least during the first half of 1946.

They aren't sure, either, that enough attention has been paid to the possible effect on production of a coal strike, the increase in industrial costs its eventual settlement may produce. Nor are they convinced that future OPA action once extension of that price control

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

-PAGE
er than
rank
that in
ever, I
turned
ist. The
the sh
ments
age of
been a
most t
chind
The a
centine
ge has
been d
nt ter
ing be
is toug
rned,
blic en
though
r civil
supple
s grow
current
tely d
ing p
they e
dum
enough
possib
strike,
s even
Nor a
action
cont
20
172
150
122
80
70
60
50
40
WIN
194

life has been assured by con-
action, will be quite as favo-
to business generally as many
lately come to believe.

Thule—With Revisions

Andrew Jackson Higgins' delayed
for changing his family-owned
Industries, Inc., into a pub-
owned business matured formally
week. Higgins, Inc.'s new issues
debut wasn't harmed a bit by
Securities & Exchange Commis-
sion's earlier banning of the original
writer from handling the deal
(Mar. 9 '46, p. 64). Only a short
elapsed before all the 900,000
shares offered for sale at \$11 each were
snatched up.

However, the activities of Van Al-
styne & Co., which required
Higgins to dig up another sponsor, did
a number of repercussions in
directions. Some may even make
the presence felt in activities of the
underwriting market.

Warrant Plan Dropped—Eliminated
from the financing plan before
consummation, for example, was
Wall Street-criticized provision
(Feb. 16 '46, p. 21) for issuance of
shares to Higgins Industries (gratis)
Van Alstyne, Noel (at 10¢ each)
each a five-year call on 100,000
shares at a price of only \$11.

Noticeable, also, was another dras-
tic change in the original underwrit-
ing agreement. The new underwriters
were required to make no "firm" com-
mitment. The offering was merely
based on an agency basis obligating
Higgins only to use their best efforts to
sell the shares to the public.

More Talk-Provoking—These
changes, however, were of limited sig-
nificance. Far more talk-provoking
were other new clauses in the revised
selling agreement. Attracting
attention, for instance, was an
usual "all-or-none" provision which
precluded the selling group from any
attempt to take up new stock unless
the whole offering was sold.

Wall Street attributes this to an
impression inspired by a belief
that unless the whole issue was sold,
the results of the operation would only
be a burden for the new company.
It has made many wonder if sim-
ilar clauses may not become more
commonplace in subsequent financing.
Must Be "Bona Fide"—Exciting the
comment, however, was another
newly inserted clause in the selling
agreement. Also supposedly SEC-dic-
tated, this specified that a "bona fide
purchase" of the shares to the public
must be made and warned that "sales
to close relatives or partners" didn't
constitute such an offering.

This clause, reports underwriting
circles, is an outgrowth of increasing
complaints to SEC that, in too many
recent new stock offerings, selling
group members had personally held
on to potentially "fast movers," or
sold them only to "friends and rela-
tives," in order to cash in on any sub-
sequent favorable market action of the
shares. Legitimate subscribers, com-
plainants say, have been allowed a full
share in sticky offerings only.

• **SEC Inquires**—These squawks from
angry would-be subscribers who were
unable to ride on recent gravy trains
have caused SEC to look carefully into
this situation. And houses connected
with successful earlier 1946 new stock
offerings have been ordered to report
their positions in such shares on the
day of offering, the next three days,
and the day the SEC questionnaire
was actually received.

Such chiseling is nothing new. Wall
Street has never liked it, but there
have always been occasional offenders.
Many Streeters also privately admit
that never has it been as prevalent as
currently, due to the recent zooming
new issues market.

Thus, it's likely that SEC will have
little trouble obtaining evidence to
support the complaints it has been re-
ceiving lately. And, much as it dislikes
the trend towards more and more reg-
ulating, Wall Street generally wouldn't
greatly object to an SEC order requir-
ing such a clause in all future selling
agreements, if (and it's a big "if") it
was actively enforced against all trans-
gressors on all future occasions.

P. S.

Shell Union Oil Corp. is reported
ready to supply the new issues market
with its biggest 1946 underwriting to
date. This is expected to involve the
sale of \$125,000,000 of bonds to re-
fund the company's funded debt and
provide new working capital.

Detroit's Fisher brothers, the sub-
ject of much boardroom talk since
their meteoric rise to prominence years
ago (BW—Dec. 15 '45, p. 70), are now re-
ported to be selling the substantial
stock interest they were believed to
have acquired last spring in Hudson
Motors (BW—May 26 '45, p. 80).

Tuesday saw Hackensack Water Co.
dispose of \$15,000,000 new 30-year
first mortgage bonds at 104.42% of
par for 2½s or at a net interest cost to
the company of only 2.417%. This
breaks all records for low interest cost
on long-term corporate obligations.
The new bonds are expected to be sub-
sequently offered publicly on a 2.39%
yield basis (another record low), com-
pared with the 2.21% return to the first
call date currently offered by the Treas-
ury's Victory Loan 2½s.



CARPENTER

STAINLESS TUBING for

Strength and Rigidity
Weight Savings
Corrosion Resistance
Heat Resistance
Accuracy
Fabricating Savings
Longer Service Life
Sales Appeal

To improve
your product
with Stainless Tubing
Call Carpenter

• If you would like to find new ways
to improve product performance and
give your product a longer service
life, put your problems up to Car-
penter.

Whether you use Stainless Steel Tub-
ing for its corrosion resistance, heat
resistance or high strength/weight
ratio, you will be able to make good
use of our specialized experience.
Ever since the days when Carpenter
first developed strong and uniform
Welded Stainless Tubing, we have
been adding to our fund of knowl-
edge and "know how."



Put our experience to
work on your problems.
Drop us a line today.

THE CARPENTER STEEL COMPANY

Welded Alloy Tube Division
KENILWORTH, N. J.

Carpenter.

STAINLESS TUBING

"MORE THAN CORROSION RESISTANCE"

THE TREND

TERMITES IN THE HOUSING PROGRAM

By adopting what's become a standard Washington propaganda technique and labeling his national housing program "The Veterans' Emergency Housing Program," Wilson W. Wyatt has placed those who criticize it in the uncomfortable position of being misunderstood as in favor of having our war heroes and their families sleep in the park. However, along with substantial virtues, the Wyatt program has so many and such dangerous weaknesses, perhaps particularly from the veteran's point of view, that it seems worth while to run any risk of misunderstanding involved in pointing them out and urging most careful consideration of them.

• Among the biggest but by no means the only bugs in the Wyatt program we would list the following:

(1) So far as it is directed to the housing needs of veterans (that is only a part of the program), it is designed primarily to sell them a high-cost house, thus saddling them with a financial burden, instead of providing them with good housing and leaving them relatively footloose financially while they are making their postwar adjustments.

(2) When coupled with the top priority given to it, the high and indeed impossible goals set for new housing give every promise of blocking industrial production which will be needed to keep the economy going full steam ahead.

(3) The program unnecessarily adds a lot of fuel to the inflationary fires now menacing the nation.

The biggest single part of the Wyatt program is designed to build and sell new houses of a conventional type at about \$6,000 each, largely to veterans. The \$6,000 price is set primarily on the ground that veterans usually cannot afford more. The fact is, however, that many of them and perhaps most of them should not be buying a house at all at this juncture but renting a place until they get satisfactorily settled in their postwar careers. This seems particularly true since, although they are designed to cost only \$6,000, the houses will be built on a high-cost basis which will make them a dubious investment and one which, once veterans in the mass are encouraged to make it, may well keep the federal government in the business of bolstering up veterans' real estate prices indefinitely.

• But is there any alternative? Certainly there is. Major emphasis could be placed upon more effective use of existing housing, both by conversions which would make it possible to accommodate more families comfortably, and by more effective use of existing vacancies. There are over two million vacant dwellings in the United States at the moment, many of which could be utilized to relieve the housing shortage if a major drive were made

to do so. Many other dwellings could be rather easily remodeled to provide relatively satisfactory emergency quarters for more families, and with far less use of critical materials per family accommodated than the Wyatt program contemplates. Here is how a program emphasizing emergency housing, as opposed to the high-cost permanent housing stressed by the Wyatt program, would look:

| | Feasible Emergency Program | Wyatt Program for 1946 |
|------------------------------|----------------------------|------------------------|
| Conventional homes | 450,000 | 650,000 |
| Prefabs | 150,000 | 250,000 |
| Temporary re-use war housing | 200,000 | 200,000 |
| Trailers | 50,000 | 50,000 |
| Conversions | 200,000 | 50,000 |
| Use of existing vacancies... | 600,000 | 300,000 |
| | 1,650,000 | 1,500,000 |

By concentrating on conversions and use of existing vacancies, the probability that the Wyatt program will cripple crucially important industrial construction could be largely eliminated. As matters stand the goals set for new housing are so high that, given the overriding priority sought for construction of dwellings, they promise to force a cut from a half to two-thirds in industrial construction in the second half of 1946. There is no reason to believe that industrial construction can stand such a cut without greatly increasing what is already an alarming crop of industrial bottlenecks.

• Because they make it possible to buy something and postpone paying for most of it, the 90% mortgage loan which the Wyatt program contemplates would add greatly to present inflationary pressure. Except for the fact that too many new houses are planned, however, this is more or less inevitable. But it is not inevitable that we build up inflationary pressure by subsidizing the production of building materials as Wyatt wants to do, thus adding to the already excessive volume of purchasing power available. The only thing the subsidy would surely accomplish is to aggravate the already great danger of runaway inflation.

• The Wyatt program has good points, many of them. It is aggressive. It gives a needed, if excessive, right of way for housing. It places a wholesome if too optimistic emphasis on prefabrication. Its provision for local committees to expedite housing and particularly to try to eliminate archaic and costly building restrictions is all to the good. These and many other aspects of the program will be illuminated by a special "Housing Outlook" in the next (Apr. 6) issue of Business Week. But it can be made a vastly better program than it now is. We have hit only a few of the high places in showing how.

B
B

er eas
mergen
of cu
e W
empl
high-o
n, wo

Progr
r 1946

50,000
50,000
00,000
50,000
50,000
00,000

00,000

exist
ram w
on con
s set f
prior
mise
rial co
o reas
und a
eady a

ing an
ge loa
ild ad
for th
ver, th
that w
produ
lo, the
rchasin
d sure
ger of

hem.
of wa
stic en
comm
o elim
to th
am w
in th
e ma
hit on

30, 19

